

Mississippi



Single Audit Report

For the Fiscal Year Ended June 30, 2003

Office of the State Auditor
Phil Bryant, Auditor

MISSISSIPPI

Single Audit Report

For the Year Ended June 30, 2003



The Mississippi Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2003

has been issued as a separate document.

OFFICE OF THE STATE AUDITOR
PHIL BRYANT, AUDITOR

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The Office of the State Auditor does not discriminate on the basis of race, religion, national origin, sex, age or disability.



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

June 1, 2004

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2003. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the sixteenth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 2002 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2003.

The Governor, Members of the Legislature
and Citizens of the State of Mississippi
Page 2

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2003 has been issued and is available electronically at <http://msonline.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

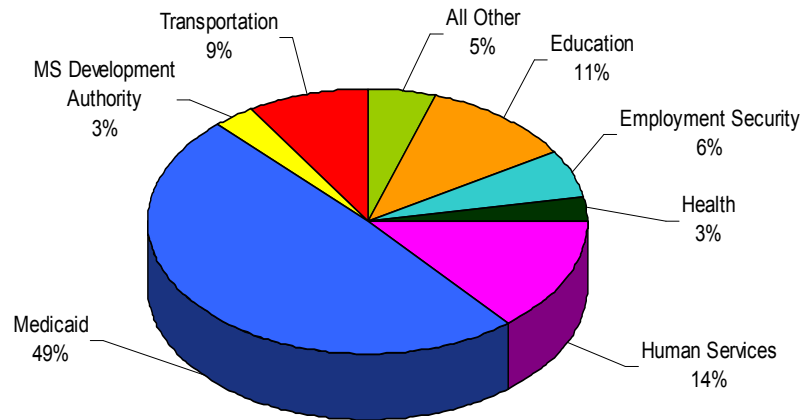
A handwritten signature in black ink, reading "Phil Bryant". The signature is stylized with a large, flowing "P" and "B".

PHIL BRYANT
State Auditor

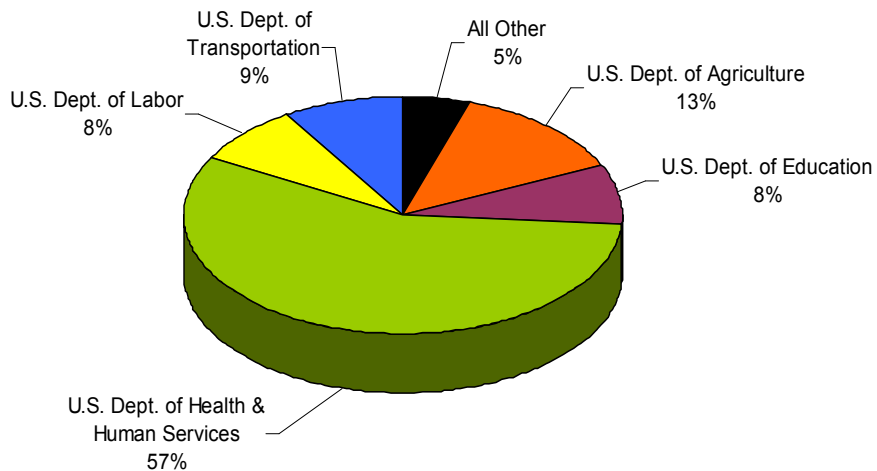
STATE OF MISSISSIPPI

Fiscal Year 2003

Expenditures of Federal Awards by State Grantee Agency

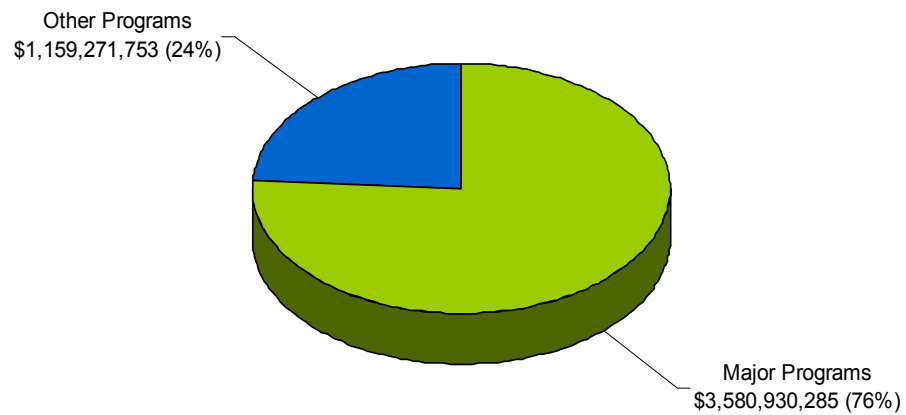


Expenditures of Federal Awards by Federal Department

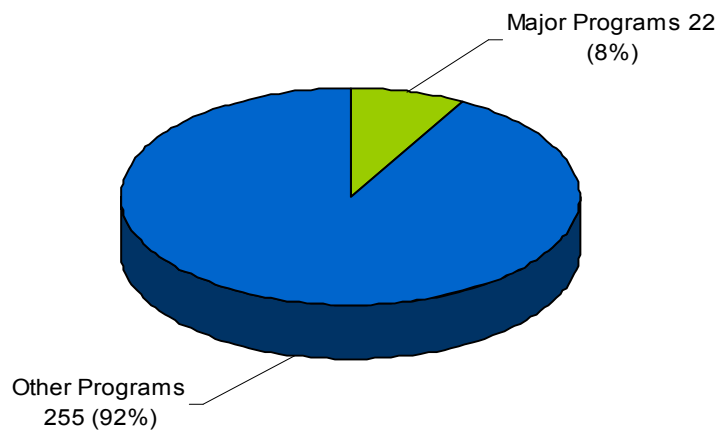


STATE OF MISSISSIPPI
Fiscal Year 2003

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$4,740,202,038

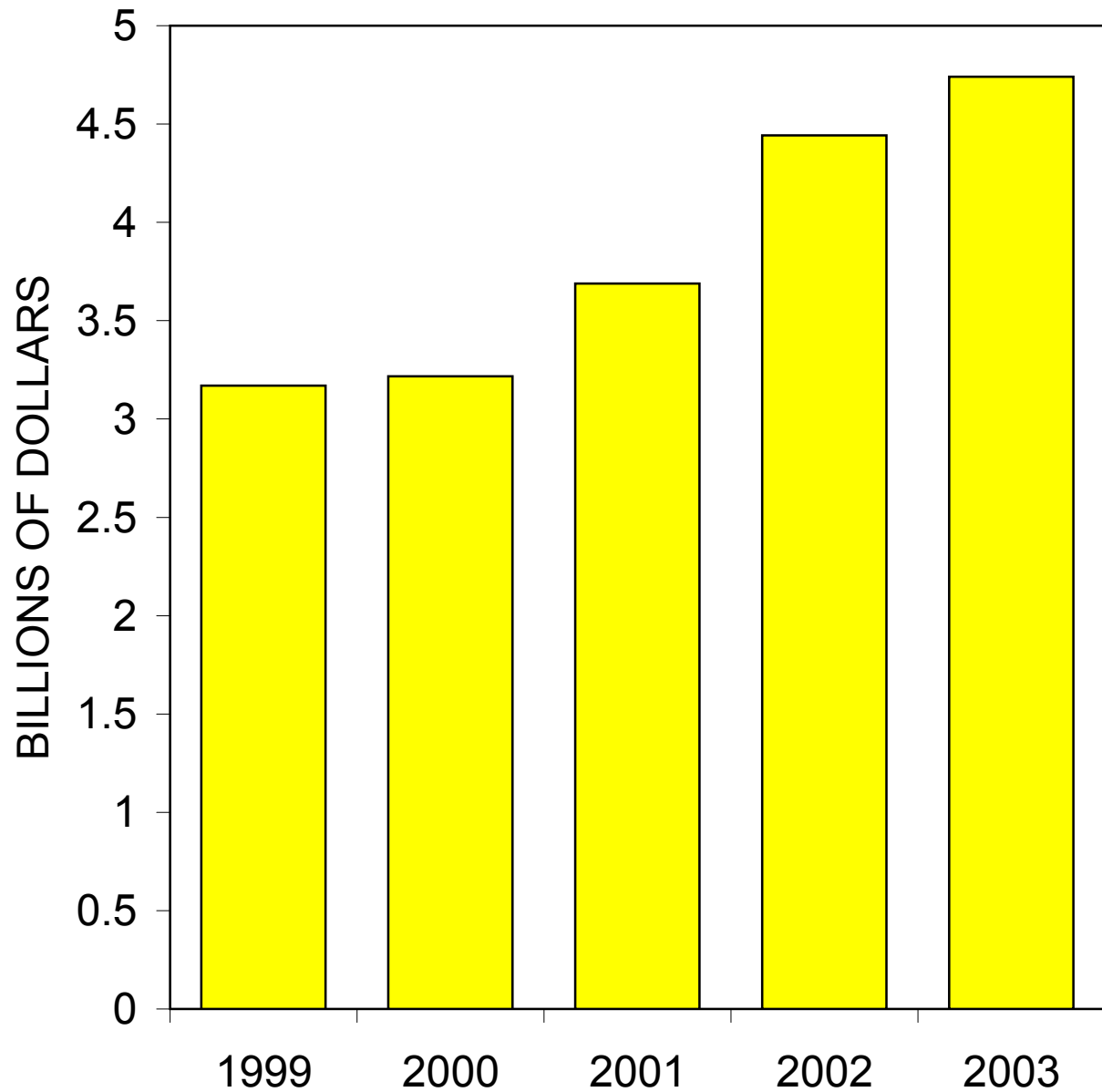


Percentage of Major Program Assistance
277 Programs



STATE OF MISSISSIPPI Total Federal Financial Assistance

Last Five Fiscal Years



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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2003

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I. AUDIT REPORTING





State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi, as of and for the year ended June 30, 2003, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 10, 2003. We did not audit the financial statements of:

■ Government-wide Financial Statements

● Governmental Activities

- the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund and the State Agencies Self-Insured Workers' Compensation Trust Fund which, in the aggregate, represent 8% and 2%, respectively, of the assets and revenues of the Governmental Activities;

● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and Allied Enterprises within the Department of Rehabilitation Services which, in the aggregate, represent 35% and 17%, respectively, of the assets and revenues of the Business-type Activities;

● Component Units

- the nonmajor component units which represent 4% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 8% and less than 1%, respectively, of the assets and revenues of the General Fund;

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 2

- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;
- Proprietary Funds
 - the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
 - the Veterans' Home Purchase Board and the Allied Enterprises Fund which, in the aggregate, represent 69% and 52%, respectively, of the assets and revenues of the nonmajor enterprise funds;
 - the State Agencies Self-Insured Workers' Compensation Trust Fund which represents 24% and 2%, respectively, of the assets and revenues of the Internal Service Funds;
- Fiduciary Funds
 - the Pension Trust Funds;
 - the Mississippi Affordable College Savings Program which represents 93% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us. This report, insofar as it relates to the amounts included for the above mentioned entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's basic financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We did not perform tests of compliance with laws, regulations, contracts and grants for the entities identified in the first paragraph of this report. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the above mentioned entities was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to the above mentioned entities, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the major component unit, Universities, which will be presented in a separate report issued by the Office of the State Auditor.

We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition we noted is described on page 51 of the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings."

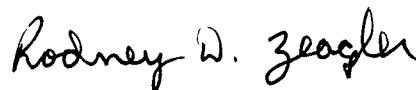
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

We and the other auditors also noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Mississippi in separate communications.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance
Audit Division

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State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi or the Mississippi Authority for Educational Television. The audits of these federal programs were conducted in accordance with the provisions of OMB Circular A-133, and separate reports were issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 2

In our opinion the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. We did not test the transactions and records of the major federal programs administered by the state's public universities or the Mississippi Authority for Educational Television for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures, however, disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 03-12 (pages 62 and 83), 03-16 (page 78), 03-28 (page 92), 03-29 (page 93), 03-30 (page 94), 03-31 (page 96), and 03-32 (page 98).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities and the Mississippi Authority for Educational Television as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 53 through 99 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider none to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the State of Mississippi as of and for the year ended June 30, 2003, and have issued our report thereon dated December 10, 2003. We did not audit the financial statements of:

- Government-wide Financial Statements

- Governmental Activities

- the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund and the State Agencies Self-Insured Workers' Compensation Trust Fund which, in the aggregate, represent 8% and 2%, respectively, of the assets and revenues of the Governmental Activities;

- Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and Allied Enterprises within the Department of Rehabilitation Services which, in the aggregate, represent 35% and 17%, respectively, of the assets and revenues of the Business-type Activities;

- Component Units

- the nonmajor component units which represent 4% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 8% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

- the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
- the Veterans' Home Purchase Board and the Allied Enterprises Fund which, in the aggregate, represent 69% and 52%, respectively, of the assets and revenues of the nonmajor enterprise funds;
- the State Agencies Self-Insured Workers' Compensation Trust Fund which represents 24% and 2%, respectively, of the assets and revenues of the Internal Service Funds;

● Fiduciary Funds

- the Pension Trust Funds;
- the Mississippi Affordable College Savings Program which represents 93% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the above named entities, is based solely upon the reports of the other auditors.

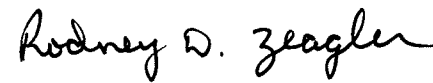
The State of Mississippi has excluded federal programs administered by public universities and the Mississippi Authority for Educational Television from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities and the Mississippi Authority for Educational Television were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports were issued.

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the basic financial statements of the State of Mississippi and on the entities listed above, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effect of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
April 9, 2004, except for the Schedule of Expenditures of Federal Awards, as to which the date is
December 10, 2003.

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Schedule of Expenditures of Federal Awards by Federal Department



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
OFFICE OF NATIONAL DRUG CONTROL POLICY			
07. UN	High Intensity Drug Trafficking Area (HIDTA)	Public Safety /Marine Resources /Narcotics	\$ 484,451
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			484,451
U.S. DEPARTMENT OF AGRICULTURE			
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce /Animal Health	891,725
10. 064	Forestry Incentives Program	Forestry Commission	170,919
10. 156	Federal-State Marketing Improvement Program	Agriculture and Commerce	22,221
10. 163	Market Protection and Promotion	Agriculture and Commerce /Plant Industry	28,869
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	810,961
10. 550@	Food Donation	Education	13,956,378
10. 557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	60,658,784
10. 558	Child and Adult Care Food Program	Education	22,871,025
10. 560	State Administrative Expenses for Child Nutrition	Education	2,585,920
10. 565	Commodity Supplemental Food Program	Health	325,034
10. 570	Nutrition Services Incentive	Human Services	1,768,111
10. 574	Team Nutrition Grants	Education	40,963
10. 664	Cooperative Forestry Assistance	Forestry Commission	3,507,242
10. 902	Soil and Water Conservation	Soil & Water Conservation Commission	1,604,348
10. 950	Agricultural Statistics Reports	Agriculture and Commerce	111,043
SUBTOTAL			109,353,543
Food Stamp Cluster			
10. 551@	Food Stamps	Human Services	318,479,372
10. 561	State Administrative Matching Grants for Food Stamp Program	Human Services	30,206,145
Total Food Stamp Cluster			348,685,517
Child Nutrition Cluster			
10. 553	School Breakfast Program	Education	33,750,426
10. 555	National School Lunch Program	Education	107,528,447
10. 556	Special Milk Program for Children	Education	6,795
10. 559	Summer Food Service Program for Children	Education	4,848,151
Total Child Nutrition Cluster			146,133,819
Emergency Food Assistance Cluster			
10. 568	Emergency Food Assistance Program (Administrative Costs)	Human Services	664,074
10. 569@	Emergency Food Assistance Program (Food Commodities)	Human Services	6,657,105
Total Emergency Food Assistance Cluster			7,321,179

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
TOTAL U.S. DEPARTMENT OF AGRICULTURE			611,494,058
U.S. DEPARTMENT OF COMMERCE			
11. 407	Interjurisdictional Fisheries Act of 1986	Marine Resources	120,634
11. 419	Coastal Zone Management Administration Awards	Marine Resources /Environmental Quality	4,033,410
11. 420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	221,422
11. 434	Cooperative Fishery Statistics	Marine Resources	44,430
11. 477	Fisheries Disaster Relief	Marine Resources	173,630
11. 478	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	Environmental Quality	9,787
TOTAL U.S. DEPARTMENT OF COMMERCE			4,603,313
U.S. DEPARTMENT OF DEFENSE			
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	151,928
12. UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500, DACW01-3-91-543, DACW01-3-92-410, DACW01-3-91-411, DACW38-91-H-007 and DACW38-91-H-010.)	Wildlife, Fisheries and Parks	1,624,328
12. UN3	Distance Learning Network	Military Department	85,681
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	147,185
12. 400	Military Construction, National Guard	Military Department	5,714,551
12. 401	National Guard Military Operations & Maintenance (O&M) Projects	Military Department	32,433,932
12. 402	National Guard Special Military Operations and Projects	Military Department	4,395,750
12. 404	National Guard Civilian Youth Opportunities	Military Department	3,808,485
12. 405	National Guard Drug Interdiction and Counter Drug Activities	Military Department	138,861
TOTAL U.S. DEPARTMENT OF DEFENSE			48,500,701
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14. 228	Community Development Block Grants/State's Program	MS Development Authority	42,150,841
14. 231	Emergency Shelter Grants Program	MS Development Authority	1,211,114
14. 239	HOME Investment Partnerships Program	MS Development Authority	11,578,127
14. 241	Housing Opportunities for Persons with AIDS	Education /Health	1,054,540
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			55,994,622
U.S. DEPARTMENT OF THE INTERIOR			
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	109,984
15. 612	Rare and Endangered Species Conservation	Wildlife, Fisheries and Parks	326,993

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	Marine Resources	583,497
15. 616	Clean Vessel Act	Marine Resources	72,084
15. 622	Sportfishing and Boating Safety Act	Marine Resources	59,999
15. 808	U.S. Geological Survey-Research and Data Acquisition	Environmental Quality	6,733
15. 810	National Cooperative Geologic Mapping Program	Environmental Quality	144,517
15. 904	Historic Preservation Fund Grants-In-Aid	Archives and History	1,227,927
SUBTOTAL			2,531,734
Fish and Wildlife Cluster			
15. 605	Sport Fish Restoration	Marine Resources /Wildlife, Fisheries and Parks	3,274,742
15. 611	Wildlife Restoration	Wildlife, Fisheries and Parks	2,711,583
Total Fish and Wildlife Cluster			5,986,325
TOTAL U.S. DEPARTMENT OF THE INTERIOR			8,518,059
U.S. DEPARTMENT OF JUSTICE			
16. UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	215,755
16. UN1	COPS Methamphetamine Grant	Narcotics	519,795
16. UN2	Federal Equitable Sharing Program	Gaming Commission	13,167
16. 523	Juvenile Accountability Incentive Block Grants	Public Safety	1,279,641
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	Public Safety	673,397
16. 547	Victims of Child Abuse	Public Safety	93,698
16. 549	Part E-State Challenge Activities	Public Safety	60,713
16. 554	National Criminal History Improvement Program (NCHIP)	Public Safety	736,737
16. 564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	Public Safety	495,528
16. 575	Crime Victim Assistance	Public Safety	3,054,036
16. 576	Crime Victim Compensation	Finance and Administration	501,000
16. 579	Byrne Formula Grant Program	Public Safety	5,806,291
16. 586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	Corrections	1,378,088
16. 588	Violence Against Women Formula Grants	Public Safety	1,156,307
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	367,265
16. 592	Local Law Enforcement Block Grants Program	Public Safety	210,791
16. 593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	614,553
16. 710	Public Safety Partnership and Community Policing Grants	Public Safety	246,000
16. 727	Enforcing Underage Drinking Laws Program	Public Safety	411,363
TOTAL U.S. DEPARTMENT OF JUSTICE			17,646,729
U.S. DEPARTMENT OF LABOR			
17. UN	Job Corps	Employment Security	907,271
17. 002	Labor Force Statistics	Employment Security	672,807
17. 005	Compensation and Working Conditions	Health	19,702
17. 203	Labor Certification for Alien Workers	Employment Security	69,691

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
17. 225#	Unemployment Insurance	Employment Security	283,711,928
17. 235	Senior Community Service Employment Program	Human Services	857,161
17. 245	Trade Adjustment Assistance - Workers	Employment Security	1,729,558
17. 249	Employment Services and Job Training Pilots - Demonstrations and Research	Education	3,599,891
17. 261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	Bd for Community and Junior Colleges	64,436
17. 504	Consultation Agreements	Health	14,371
17. 600	Mine Health and Safety Grants	Environmental Quality	77,990
SUBTOTAL			291,724,806
Employment Services Cluster			
17. 207	Employment Service (Passed-through from Georgia State University. Identifying number assigned by the pass-through entity is ALY51-08.)	MS Development Authority /Employment Security	7,057,299
17. 801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	573,194
17. 804	Local Veterans' Employment Representative Program	Employment Security	1,009,452
Total Employment Services Cluster			8,639,945
JTPA Cluster			
17. 246	Employment and Training Assistance - Dislocated Workers	MS Development Authority	183,289
17. 250	Job Training Partnership Act	MS Development Authority	15,595
Total JTPA Cluster			167,694
WIA Cluster			
17. 258	WIA Adult Program	MS Development Authority	22,537,689
17. 259	WIA Youth Activities	MS Development Authority	21,510,533
17. 260	WIA Dislocated Workers	MS Development Authority	26,558,994
Total WIA Cluster			70,607,216
TOTAL U.S. DEPARTMENT OF LABOR			371,139,661
U.S. DEPARTMENT OF TRANSPORTATION			
20. UN	Fatal Analysis Reporting System	Public Safety	56,721
20. 217	Motor Carrier Safety	Public Safety	67,047
20. 218	National Motor Carrier Safety	Public Service Commission	2,102,495
20. 219	Recreational Trails Program	Wildlife, Fisheries and Parks	725,851
20. 505	Federal Transit-Metropolitan Planning Grants	Transportation	1,738,418
20. 509	Formula Grants for Other Than Urbanized Areas	Transportation	3,859,200
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	871,581
20. 516	Job Access-Reverse Commute	Transportation	11,251
20. 700	Pipeline Safety	Public Service Commission	346,706
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	96,702
SUBTOTAL			9,875,972

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
20. 205	Highway Planning and Construction Cluster Highway Planning and Construction	Transportation	401,669,793
	Total Highway Planning and Construction Cluster		401,669,793
20. 500	Federal Transit Cluster Federal Transit-Capital Investment Grants	Transportation	1,128
	Total Federal Transit Cluster		1,128
20. 600	Highway Safety Cluster State and Community Highway Safety	Public Safety	6,276,332
	Total Highway Safety Cluster		6,276,332
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		417,823,225
	<u>U.S. DEPARTMENT OF THE TREASURY</u>		
21. UN	Jobs and Growth	Finance and Administration	26,711,271
	TOTAL U.S. DEPARTMENT OF THE TREASURY		26,711,271
	<u>APPALACHIAN REGIONAL COMMISSION</u>		
23. 002	Appalachian Area Development	MS Development Authority	586,734
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	Education /MS Development Authority	421,290
	TOTAL APPALACHIAN REGIONAL COMMISSION		1,008,024
	<u>GENERAL SERVICES ADMINISTRATION</u>		
39. 003@	Donation of Federal Surplus Personal Property	Finance and Administration	1,104,754
	TOTAL GENERAL SERVICES ADMINISTRATION		1,104,754
	<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>		
45. 025	Promotion of the Arts-Partnership Agreements	Arts Commission	454,123
45. 026	Promotion of the Arts-Leadership Initiatives	Arts Commission	22,824
45. 310	State Library Program	Library Commission	1,447,138
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		1,924,085
	<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
64. 124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	124,640
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			124,640
ENVIRONMENTAL PROTECTION AGENCY			
66. 032	State Indoor Radon Grants	Health	15,875
66. 419	Water Pollution Control-State and Interstate Program Support	Environmental Quality	1,292,144
66. 432	State Public Water System Supervision	Health	1,082,941
66. 433	State Underground Water Source Protection	Environmental Quality	166,789
		/Oil and Gas Board	
66. 454	Water Quality Management Planning	Environmental Quality	736,796
66. 458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	5,466,484
66. 460	Nonpoint Source Implementation Grants	Environmental Quality	4,043,060
66. 461	Wetland Program Development Grants	Marine Resources	213,672
66. 463	Water Quality Cooperative Agreements	Environmental Quality	361,639
66. 468	Capitalization Grants for Drinking Water State Revolving Funds	Health	15,853,520
66. 471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	Health	33,000
66. 472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	144,806
66. 474	Water Protection Grants to the States	Health	315,375
66. 500	Environmental Protection-Consolidated Research	Environmental Quality	142,617
66. 605	Performance Partnership Grants	Environmental Quality	11,409,304
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	Health	808,875
		/Marine Resources	
66. 607	Training and Fellowships for the Environmental Protection Agency	/Environmental Quality	
		Environmental Quality	37,546
66. 608	State Information Grants	Environmental Quality	105,468
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture and Commerce	763,140
		/Plant Industry	
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	47,844
66. 707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	107,647
66. 708	Pollution Prevention Grants Program	Environmental Quality	24,310
66. 709	Capacity Building Grants and Cooperative Agreements for States and Tribes	Environmental Quality	21,797
66. 802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	126,904
66. 804	State and Tribal Underground Storage Tanks Program	Environmental Quality	191,554
66. 805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,477,838
66. 809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	499,123
66. 810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	Environmental Quality	10,142
66. 951	Environmental Education Grants	Forestry Commission	1,400
TOTAL ENVIRONMENTAL PROTECTION AGENCY			45,501,610
U.S. DEPARTMENT OF ENERGY			

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
81. UN1	Petroleum Violation Escrow - Stripper Well	Treasury	987,335
81. UN2	Petroleum Violation Escrow - Citronelle/Exxon	Treasury	94,132
81. UN7	Oversight of Investigation of Salmon Site	Environmental Quality	3,574
81. 041	State Energy Program	Treasury	617,606
81. 042	Weatherization Assistance for Low-Income Persons	/MS Development Authority	
81. 106	States and Tribal Concerns, Proposed Solutions	Human Services	1,189,149
81. 117	Energy Efficiency and Renewable Energy Information	Emergency Management	139,808
	Dissemination, Outreach, Training and Technical Analysis	MS Development Authority	22,716
	/Assistance		
81. 119	State Energy Program Special Projects	MS Development Authority	373,487
TOTAL U.S. DEPARTMENT OF ENERGY			3,427,807
U.S. DEPARTMENT OF EDUCATION			
84. 002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	6,678,683
84. 010	Title I Grants to Local Educational Agencies	Education	127,985,727
84. 011	Migrant Education-State Grant Program	Education	1,183,392
84. 013	Title I Program for Neglected and Delinquent Children	Education	297,684
84. 048	Vocational Education-Basic Grants to States	Education	15,413,791
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	35,680,098
84. 158	Secondary Education and Transitional Service for Youth with Disabilities	Education	51,142
84. 169	Independent Living-State Grants	Rehabilitation Services	224,111
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	272,643
84. 181	Special Education-Grants for Infants and Families with Disabilities	Health	3,247,852
84. 184	Safe and Drug-Free Schools and Communities-National Programs	Education	22,880
84. 185	Byrd Honors Scholarships	Education	422,417
84. 186	Safe and Drug-Free Schools and Communities-State Grants	Public Safety	5,054,771
		/Education	
84. 187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	290,845
84. 194	Bilingual Education Support Services	Education	31,687
84. 196	Education for Homeless Children and Youth	Education	427,537
84. 213	Even Start-State Educational Agencies	Education	2,733,656
84. 215	Fund for the Improvement of Education	Education	335,277
84. 216	Capital Expenses	Education	61,468
84. 224	Assistive Technology	Rehabilitation Services	376,287
84. 235	Rehabilitation Services Demonstration and Training Programs	Rehabilitation Services	1
84. 243	Tech-Prep Education	Education	1,746,896
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit	Rehabilitation Services	142,056
	In-Service Training		
84. 276	Goals 2000 - State and Local Education Systemic Improvement Grants	Education	861,654
84. 281	Eisenhower Professional Development State Grants	Education	2,736,096
84. 287	Twenty-First Century Community Learning Centers	Education	1,148,034
84. 293	Foreign Language Assistance	Education	26,828
84. 298	Innovative Education Program Strategies	Education	3,681,433
84. 305	Education Research, Development and Dissemination	Education	60,655
84. 314	Even Start-Statewide Family Literacy Program	Education	97,410
84. 318	Education Technology State Grants	Education	4,735,533
84. 330	Advanced Placement Program	Education	160,879

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
84. 331	Grants to States for Incarcerated Youth Offenders	Education	234,625
84. 332	Comprehensive School Reform Demonstration	Education	3,779,638
84. 336	Teacher Quality Enhancement Grants	Education	204,561
84. 338	Reading Excellence	Education	10,785,162
84. 340	Class Size Reduction	Education	4,697,136
84. 342	Preparing Tomorrow's Teachers to Use Technology	Education	317,661
84. 346	Vocational Education-Occupational and Employment Information State Grants	MS Development Authority	142,095
84. 348	Title I Accountability Grants	Education	1,813,083
84. 350	Transition to Teaching	Education	50,705
84. 351	Arts in Education	Arts Commission	340,882
84. 352	School Renovation Grants	Education	11,211,139
84. 357	Reading First State Grants	Education	483,624
84. 358	Rural Education	Education	3,486,198
84. 365	English Language Acquisition Grants	Education	260,943
84. 367	Improving Teacher Quality State Grants	Education	28,794,005
84. 369	Grants for State Assessments and Related Activities	Education	114,798
SUBTOTAL			282,782,740
Special Education Cluster			
84. 027	Special Education-Grants to States	Education	77,570,470
84. 173	Special Education-Preschool Grants	Education	3,760,511
Total Special Education Cluster			81,330,981
TRIO Cluster			
84. 044	TRIO-Talent Search	Education	358,964
Total TRIO Cluster			358,964
TOTAL U.S. DEPARTMENT OF EDUCATION			364,472,685
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93. 003	Public Health and Social Services Emergency Fund	Health	139,889
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	48,989
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	89,777
93. 043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Human Services	134,478
93. 048	Special Programs for the Aging-Title IV and Title II Discretionary Projects	Mental Health /Human Services	319,322
93. 052	National Family Caregiver Support	Human Services	1,051,093
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	2,094,255
93. 110	Maternal and Child Health Federal Consolidated Programs	Health	276,680
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	1,154,474
93. 127	Emergency Medical Services for Children	Health	387,759
93. 130	Primary Care Services-Resource Coordination and Development	Health	262,462
93. 136	Injury Prevention and Control Research and State and	Health	499,851

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 150	Community Based Programs Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	339,504
93. 161	Health Program for Toxic Substances and Disease Registry	Health	7,589
93. 217	Family Planning-Services	Health	4,812,454
93. 230	Consolidated Knowledge Development and Application (KD&A) Program	Mental Health	1,951,876
93. 235	Abstinence Education	Health	995,768
93. 241	State Rural Hospital Flexibility Program	Health	348,064
93. 251	Universal Newborn Hearing Screening	Health	225,599
93. 259	Rural Access to Emergency Devices Grant	Health	3,285
93. 268@	Immunization Grants	Health	7,810,032
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	8,353,102
93. 301	Small Rural Hospital Improvement Grants	Health	420,920
93. 556	Promoting Safe and Stable Families	Human Services	4,934,964
93. 558	Temporary Assistance for Needy Families	Human Services	139,979,516
93. 563	Child Support Enforcement	Human Services	12,729,254
93. 566	Refugee and Entrant Assistance-State Administered Programs	Human Services	1,642,471
93. 568	Low-Income Home Energy Assistance	Human Services	12,142,522
93. 569	Community Services Block Grant	Human Services	10,162,682
93. 570	Community Services Block Grant-Discretionary Awards	Human Services	12,343
93. 571	Community Services Block Grant Discretionary Awards- Community Food and Nutrition	Human Services	40,183
93. 576	Refugee and Entrant Assistance-Discretionary Grants	Health /Human Services	164,352
93. 585	Empowerment Zones Program	MS Development Authority	5,181,075
93. 586	State Court Improvement Program	Supreme Court	212,226
93. 597	Grants to States for Access and Visitation Programs	Human Services	104,325
93. 600	Head Start	Education	165,625
93. 603	Adoption Incentive Payments	Human Services	419,713
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	1,218,748
93. 643	Children's Justice Grants to States	Human Services	187,957
93. 645	Child Welfare Services-State Grants	Human Services	3,895,408
93. 652	Adoption Opportunities	Human Services	6,343
93. 658	Foster Care-Title IV-E	Human Services	10,822,062
93. 659	Adoption Assistance	Human Services	3,569,243
93. 667	Social Services Block Grant	Human Services	14,690,948
93. 669	Child Abuse and Neglect State Grants	Human Services	437,299
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	1,210,320
93. 674	Chafee Foster Care Independent Living	Human Services	1,091,824
93. 767	State Children's Insurance Program	Medicaid	86,113,690
93. 769	Demonstration to Maintain Independence and Employment	Medicaid	35,710
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Medicaid /Mental Health /Human Services	640,400
93. 913	Grants to States for Operation of Offices of Rural Health	Health	20,534
93. 917	HIV Care Formula Grants	Health	7,706,832
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	Health	287,898
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	127,836
93. 940	HIV Prevention Activities-Health Department Based	Health	1,546,393
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	278,730

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 945	Assistance Programs for Chronic Disease Prevention and Control	Health	575,218
93. 952	Improving EMS/Trauma Care in Rural Areas	Health	23,980
93. 958	Block Grants for Community Mental Health Services	Mental Health	3,724,117
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	14,084,283
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	1,618,913
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	304,116
93. 991	Preventive Health and Health Services Block Grant	Health	2,089,032
93. 994@	Maternal and Child Health Services Block Grant to the States	Health	10,983,828
SUBTOTAL			386,897,449
Aging Cluster			
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	3,347,406
93. 045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Human Services	3,629,800
Total Aging Cluster			6,977,206
Child Care Cluster			
93. 575	Child Care and Development Block Grant	Human Services	39,518,093
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	23,518,332
Total Child Care Cluster			63,036,425
Medicaid Cluster			
93. 775	State Medicaid Fraud Control Units	Attorney General	1,269,234
93. 777	State Survey and Certification of Health Care Providers and Suppliers	Health	2,471,686
93. 778	Medical Assistance Program	/Medicaid Medicaid	2,254,480,613
Total Medicaid Cluster			2,258,221,533
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,715,132,613
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
94. 004	Learn and Serve America-School and Community Based Programs	Education	648,296
94. 007	Planning and Program Development Grants	Education	117,287
SUBTOTAL			765,583
Foster Grandparent/Senior Companion Cluster			
94. 016	Senior Companion Program	Human Services	82,166
Total Foster Grandparent/Senior Companion Cluster			82,166

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		847,749
	SOCIAL SECURITY ADMINISTRATION		
96. 008	Social Security-Benefits Planning, Assistance, and Outreach Program	Rehabilitation Services	331,306
	SUBTOTAL		331,306
96. 001	Disability Insurance/SSI Cluster Social Security-Disability Insurance	Rehabilitation Services	22,060,599
	Total Disability Insurance/SSI Cluster		22,060,599
	TOTAL SOCIAL SECURITY ADMINISTRATION		22,391,905
	DEPARTMENT OF HOMELAND SECURITY		
97. 004	State Domestic Preparedness Equipment Support Program	Emergency Management	569,842
97. 012	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	356,840
97. 021	Hazardous Materials Assistance Program	Emergency Management	4,265
97. 023	Community Assistance Program-State Support Services Element (CAP-SSSE)	Emergency Management	93,224
97. 029	Flood Mitigation Assistance	Emergency Management	207,236
97. 032	Crisis Counseling	Emergency Management	124,416
97. 034	Disaster Unemployment Assistance	Employment Security	26,176
97. 035	Individual and Family Grants	Emergency Management	3,594,999
97. 036	Public Assistance Grants	Emergency Management	9,898,929
97. 038	First Responder Counter-Terrorism Training Assistance	State Fire Academy	139,565
97. 039	Hazard Mitigation Grant	Emergency Management	4,038,331
97. 041	National Dam Safety Program	Environmental Quality	166,653
97. 042	Emergency Management Performance Grants	Emergency Management	1,930,795
97. 047	Pre-Disaster Mitigation	Emergency Management	29,450
97. 051	State and Local All Hazards Emergency Operations Planning	Emergency Management	116,680
97. 052	Emergency Operations Centers	Emergency Management	49,099
97. 053	Citizen Corps	Emergency Management	3,576
	TOTAL DEPARTMENT OF HOMELAND SECURITY		21,350,076
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 4,740,202,038

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$198,057,696 and federal expenditures of \$85,654,232. Federal expenditures consist of both cash and noncash benefits.

@Denotes federal programs with noncash benefits.

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards by State Grantee Agency



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	<u>AGRICULTURE AND COMMERCE</u>	
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 337,317
10. 156	Federal-State Marketing Improvement Program	22,221
10. 163	Market Protection and Promotion	40,837
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	810,961
10. 950	Agricultural Statistics Reports	<u>111,043</u>
	Total U.S. Department of Agriculture	<u>1,322,379</u>
66. 700	Environmental Protection Agency Consolidated Pesticide Enforcement Cooperative Agreements	<u>863,140</u>
	TOTAL AGRICULTURE AND COMMERCE	<u>2,185,519</u>
	<u>ANIMAL HEALTH</u>	
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	<u>554,408</u>
	TOTAL ANIMAL HEALTH	<u>554,408</u>
	<u>ARCHIVES AND HISTORY</u>	
	U.S. Department of the Interior	
15. 904	Historic Preservation Fund Grants-In-Aid	<u>1,227,927</u>
	TOTAL ARCHIVES AND HISTORY	<u>1,227,927</u>
	<u>ARTS COMMISSION</u>	
	National Foundation on the Arts and the Humanities	
45. 025	Promotion of the Arts-Partnership Agreements	454,123
45. 026	Promotion of the Arts-Leadership Initiatives	<u>22,824</u>
	Total National Foundation on the Arts and the Humanities	<u>476,947</u>
	U.S. Department of Education	
84. 351	Arts in Education	<u>340,882</u>
	TOTAL ARTS COMMISSION	<u>817,829</u>
	<u>ATTORNEY GENERAL</u>	
	U.S. Department of Health and Human Services	
93. 775	State Medicaid Fraud Control Units	1,269,234

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL ATTORNEY GENERAL	<u>1,269,234</u>
	<u>BD FOR COMMUNITY AND JUNIOR COLLEGES</u>	
17. 261	U.S. Department of Labor Employment and Training Administration Pilots, Demonstrations, and Research Projects	<u>64,436</u>
84. 002	U.S. Department of Education Adult Education-State Grant Program	<u>6,678,683</u>
	TOTAL BD FOR COMMUNITY AND JUNIOR COLLEGES	<u>6,743,119</u>
	<u>CORRECTIONS</u>	
16. 586	U.S. Department of Justice Violent Offender Incarceration and Truth in Sentencing Incentive Grants	<u>1,378,088</u>
	TOTAL CORRECTIONS	<u>1,378,088</u>
	<u>EDUCATION</u>	
10. 550@	U.S. Department of Agriculture Food Donation	13,956,378
10. 553	School Breakfast Program	33,750,426
10. 555	National School Lunch Program	107,528,447
10. 556	Special Milk Program for Children	6,795
10. 558	Child and Adult Care Food Program	22,871,025
10. 559	Summer Food Service Program for Children	4,848,151
10. 560	State Administrative Expenses for Child Nutrition	2,585,920
10. 574	Team Nutrition Grants	<u>40,963</u>
	Total U.S. Department of Agriculture	<u>185,588,105</u>
12. UN1	U.S. Department of Defense Teacher and Teacher's Aide Placement Assistance Program	<u>151,928</u>
14. 241	U.S. Department of Housing and Urban Development Housing Opportunities for Persons with AIDS	<u>12</u>
17. 249	U.S. Department of Labor Employment Services and Job Training Pilots - Demonstrations and Research	<u>3,599,891</u>
23. 011	Appalachian Regional Commission Appalachian State Research, Technical Assistance, and Demonstration Projects	<u>288,421</u>
84. 010	U.S. Department of Education Title I Grants to Local Educational Agencies	<u>127,985,727</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
84. 011	Migrant Education-State Grant Program	1,183,392
84. 013	Title I Program for Neglected and Delinquent Children	297,684
84. 027	Special Education-Grants to States	77,570,470
84. 044	TRIO-Talent Search	358,964
84. 048	Vocational Education-Basic Grants to States	15,413,791
84. 158	Secondary Education and Transitional Service for Youth with Disabilities	51,142
84. 173	Special Education-Preschool Grants	3,760,511
84. 184	Safe and Drug-Free Schools and Communities-National Programs	22,880
84. 185	Byrd Honors Scholarships	422,417
84. 186	Safe and Drug-Free Schools and Communities-State Grants	4,058,906
84. 194	Bilingual Education Support Services	31,687
84. 196	Education for Homeless Children and Youth	427,537
84. 213	Even Start-State Educational Agencies	2,733,656
84. 215	Fund for the Improvement of Education	335,277
84. 216	Capital Expenses	61,468
84. 243	Tech-Prep Education	1,746,896
84. 276	Goals 2000 - State and Local Education Systemic Improvement Grants	861,654
84. 281	Eisenhower Professional Development State Grants	2,736,096
84. 287	Twenty-First Century Community Learning Centers	1,148,034
84. 293	Foreign Language Assistance	26,828
84. 298	Innovative Education Program Strategies	3,681,433
84. 305	Education Research, Development and Dissemination	60,655
84. 314	Even Start-Statewide Family Literacy Program	97,410
84. 318	Education Technology State Grants	4,735,533
84. 330	Advanced Placement Program	160,879
84. 331	Grants to States for Incarcerated Youth Offenders	234,625
84. 332	Comprehensive School Reform Demonstration	3,779,638
84. 336	Teacher Quality Enhancement Grants	204,561
84. 338	Reading Excellence	10,785,162
84. 340	Class Size Reduction	4,697,136
84. 342	Preparing Tomorrow's Teachers to Use Technology	317,661
84. 348	Title I Accountability Grants	1,813,083
84. 350	Transition to Teaching	50,705
84. 352	School Renovation Grants	11,211,139
84. 357	Reading First State Grants	483,624
84. 358	Rural Education	3,486,198
84. 365	English Language Acquisition Grants	260,943
84. 367	Improving Teacher Quality State Grants	28,794,005
84. 369	Grants for State Assessments and Related Activities	114,798
Total U.S. Department of Education		316,081,269
U.S. Department of Health and Human Services		
93. 600	Head Start	165,625
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	127,836
Total U.S. Department of Health and Human Services		293,461
Corporation for National and Community Service		
94. 004	Learn and Serve America-School and Community Based Programs	648,296
94. 007	Planning and Program Development Grants	117,287
Total Corporation for National and Community Service		765,583

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL EDUCATION	506,768,670
	EMERGENCY MANAGEMENT	
	U.S. Department of Transportation	
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	96,702
	U.S. Department of Energy	
81. 106	States and Tribal Concerns, Proposed Solutions	139,808
	Department of Homeland Security	
97. 004	State Domestic Preparedness Equipment Support Program	569,842
97. 021	Hazardous Materials Assistance Program	4,265
97. 023	Community Assistance Program-State Support Services Element (CAP-SSSE)	93,224
97. 029	Flood Mitigation Assistance	207,236
97. 032	Crisis Counseling	124,416
97. 035	Individual and Family Grants	3,594,999
97. 036	Public Assistance Grants	9,898,929
97. 039	Hazard Mitigation Grant	4,038,331
97. 042	Emergency Management Performance Grants	1,930,795
97. 047	Pre-Disaster Mitigation	29,450
97. 051	State and Local All Hazards Emergency Operations Planning	116,680
97. 052	Emergency Operations Centers	49,099
97. 053	Citizen Corps	3,576
	Total Department of Homeland Security	20,660,842
	TOTAL EMERGENCY MANAGEMENT	20,897,352
	EMPLOYMENT SECURITY	
	U.S. Department of Labor	
17. UN	Job Corps	907,271
17. 002	Labor Force Statistics	672,807
17. 203	Labor Certification for Alien Workers	69,691
17. 207	Employment Service (Passed-through from Georgia State University. Identifying number assigned by the pass-through entity is ALY51-08.)	7,040,705
17. 225#	Unemployment Insurance	283,711,928
17. 245	Trade Adjustment Assistance - Workers	1,729,558
17. 801	Disabled Veterans' Outreach Program (DVOP)	573,194
17. 804	Local Veterans' Employment Representative Program	1,009,452
	Total U.S. Department of Labor	295,714,606
	Department of Homeland Security	
97. 034	Disaster Unemployment Assistance	26,176
	TOTAL EMPLOYMENT SECURITY	295,740,782

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	ENVIRONMENTAL QUALITY	
	U.S. Department of Commerce	
11. 419	Coastal Zone Management Administration Awards	2,777,010
11. 478	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	9,787
	Total U.S. Department of Commerce	2,786,797
	U.S. Department of Defense	
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	147,185
	U.S. Department of the Interior	
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	109,984
15. 808	U.S. Geological Survey-Research and Data Acquisition	6,733
15. 810	National Cooperative Geologic Mapping Program	144,517
	Total U.S. Department of the Interior	261,234
	U.S. Department of Labor	
17. 600	Mine Health and Safety Grants	77,990
	Environmental Protection Agency	
66. 419	Water Pollution Control-State and Interstate Program Support	1,292,144
66. 433	State Underground Water Source Protection	72,089
66. 454	Water Quality Management Planning	736,796
66. 458	Capitalization Grants for Clean Water State Revolving Funds	5,466,484
66. 460	Nonpoint Source Implementation Grants	4,043,060
66. 463	Water Quality Cooperative Agreements	361,639
66. 472	Beach Monitoring and Notification Program Implementation Grants	144,806
66. 500	Environmental Protection-Consolidated Research	142,617
66. 605	Performance Partnership Grants	11,409,304
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	769,778
66. 607	Training and Fellowships for the Environmental Protection Agency	37,546
66. 608	State Information Grants	105,468
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	47,844
66. 707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	107,647
66. 708	Pollution Prevention Grants Program	24,310
66. 709	Capacity Building Grants and Cooperative Agreements for States and Tribes	21,797
66. 802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	126,904
66. 804	State and Tribal Underground Storage Tanks Program	191,554
66. 805	Leaking Underground Storage Tank Trust Fund Program	1,477,838
66. 809	Superfund State and Indian Tribe Core Program Cooperative Agreements	499,123
66. 810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	10,142
	Total Environmental Protection Agency	27,088,890

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
81. UN7	U.S. Department of Energy Oversight of Investigation of Salmon Site	3,574
97. 041	Department of Homeland Security National Dam Safety Program	166,653
	TOTAL ENVIRONMENTAL QUALITY	30,532,323
	FINANCE AND ADMINISTRATION	
16. 576	U.S. Department of Justice Crime Victim Compensation	501,000
21. UN	U.S. Department of the Treasury Jobs and Growth	26,711,271
39. 003@	General Services Administration Donation of Federal Surplus Personal Property	1,104,754
	TOTAL FINANCE AND ADMINISTRATION	28,317,025
	FORESTRY COMMISSION	
10. 064	U.S. Department of Agriculture Forestry Incentives Program	170,919
10. 664	Cooperative Forestry Assistance	3,507,242
	Total U.S. Department of Agriculture	3,678,161
66. 951	Environmental Protection Agency Environmental Education Grants	1,400
	TOTAL FORESTRY COMMISSION	3,679,561
	GAMING COMMISSION	
16. UN2	U.S. Department of Justice Federal Equitable Sharing Program	13,167
	TOTAL GAMING COMMISSION	13,167
	HEALTH	
10. 557	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants, and Children	60,658,784
10. 565	Commodity Supplemental Food Program	325,034
	Total U.S. Department of Agriculture	60,983,818

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
14. 241	U.S. Department of Housing and Urban Development Housing Opportunities for Persons with AIDS	1,054,528
17. 005	U.S. Department of Labor Compensation and Working Conditions	19,702
17. 504	Consultation Agreements	14,371
	Total U.S. Department of Labor	34,073
	Environmental Protection Agency	
66. 032	State Indoor Radon Grants	15,875
66. 432	State Public Water System Supervision	1,082,941
66. 468	Capitalization Grants for Drinking Water State Revolving Funds	15,853,520
66. 471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	33,000
66. 474	Water Protection Grants to the States	315,375
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	11,667
	Total Environmental Protection Agency	17,312,378
84. 181	U.S. Department of Education Special Education-Grants for Infants and Families with Disabilities	3,247,852
	U.S. Department of Health and Human Services	
93. 003	Public Health and Social Services Emergency Fund	139,889
93. 110	Maternal and Child Health Federal Consolidated Programs	276,680
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,154,474
93. 127	Emergency Medical Services for Children	387,759
93. 130	Primary Care Services-Resource Coordination and Development	262,462
93. 136	Injury Prevention and Control Research and State and Community Based Programs	499,851
93. 161	Health Program for Toxic Substances and Disease Registry	7,589
93. 217	Family Planning-Services	4,812,454
93. 235	Abstinence Education	995,768
93. 241	State Rural Hospital Flexibility Program	348,064
93. 251	Universal Newborn Hearing Screening	225,599
93. 259	Rural Access to Emergency Devices Grant	3,285
93. 268@	Immunization Grants	7,810,032
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	8,353,102
93. 301	Small Rural Hospital Improvement Grants	420,920
93. 576	Refugee and Entrant Assistance-Discretionary Grants	56,493
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	1,210,320
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,069,866
93. 913	Grants to States for Operation of Offices of Rural Health	20,534
93. 917	HIV Care Formula Grants	7,706,832
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	287,898
93. 940	HIV Prevention Activities-Health Department Based	1,546,393
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	278,730

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 945	Assistance Programs for Chronic Disease Prevention and Control	575,218
93. 952	Improving EMS/Trauma Care in Rural Areas	23,980
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	1,618,913
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	304,116
93. 991	Preventive Health and Health Services Block Grant	2,089,032
93. 994@	Maternal and Child Health Services Block Grant to the States	10,983,828
Total U.S. Department of Health and Human Services		53,470,081
TOTAL HEALTH		136,102,730
HUMAN SERVICES		
U.S. Department of Agriculture		
10. 551@	Food Stamps	318,479,372
10. 561	State Administrative Matching Grants for Food Stamp Program	30,206,145
10. 568	Emergency Food Assistance Program (Administrative Costs)	664,074
10. 569@	Emergency Food Assistance Program (Food Commodities)	6,657,105
10. 570	Nutrition Services Incentive	1,768,111
Total U.S. Department of Agriculture		357,774,807
U.S. Department of Labor		
17. 235	Senior Community Service Employment Program	857,161
U.S. Department of Energy		
81. 042	Weatherization Assistance for Low-Income Persons	1,189,149
U.S. Department of Health and Human Services		
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	48,989
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	89,777
93. 043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	134,478
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	3,347,406
93. 045	Special Programs for the Aging-Title III, Part C-Nutrition Services	3,629,800
93. 048	Special Programs for the Aging-Title IV and Title II Discretionary Projects	189,035
93. 052	National Family Caregiver Support	1,051,093
93. 556	Promoting Safe and Stable Families	4,934,964
93. 558	Temporary Assistance for Needy Families	139,979,516
93. 563	Child Support Enforcement	12,729,254
93. 566	Refugee and Entrant Assistance-State Administered Programs	1,642,471
93. 568	Low-Income Home Energy Assistance	12,142,522
93. 569	Community Services Block Grant	10,162,682
93. 570	Community Services Block Grant-Discretionary Awards	12,343
93. 571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	40,183
93. 575	Child Care and Development Block Grant	39,518,093

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 576	Refugee and Entrant Assistance-Discretionary Grants	107,859
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	23,518,332
93. 597	Grants to States for Access and Visitation Programs	104,325
93. 603	Adoption Incentive Payments	419,713
93. 643	Children's Justice Grants to States	187,957
93. 645	Child Welfare Services-State Grants	3,895,408
93. 652	Adoption Opportunities	6,343-
93. 658	Foster Care-Title IV-E	10,822,062
93. 659	Adoption Assistance	3,569,243
93. 667	Social Services Block Grant	14,690,948
93. 669	Child Abuse and Neglect State Grants	437,299
93. 674	Chafee Foster Care Independent Living	1,091,824
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	234,997
Total U.S. Department of Health and Human Services		288,726,230
Corporation for National and Community Service		
94. 016	Senior Companion Program	82,166
TOTAL HUMAN SERVICES		648,629,513
LIBRARY COMMISSION		
National Foundation on the Arts and the Humanities		
45. 310	State Library Program	1,447,138
TOTAL LIBRARY COMMISSION		1,447,138
MARINE RESOURCES		
Office of National Drug Control Policy		
07. UN	High Intensity Drug Trafficking Area (HIDTA)	10,327
U.S. Department of Commerce		
11. 407	Interjurisdictional Fisheries Act of 1986	120,634
11. 419	Coastal Zone Management Administration Awards	1,256,400
11. 420	Coastal Zone Management Estuarine Research Reserves	221,422
11. 434	Cooperative Fishery Statistics	44,430
11. 477	Fisheries Disaster Relief	173,630
Total U.S. Department of Commerce		1,816,516
U.S. Department of the Interior		
15. 605	Sport Fish Restoration	851,897
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	583,497
15. 616	Clean Vessel Act	72,084
15. 622	Sportfishing and Boating Safety Act	59,999
Total U.S. Department of the Interior		1,567,477

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	Environmental Protection Agency	
66. 461	Wetland Program Development Grants	213,672
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	27,430
	Total Environmental Protection Agency	241,102
	TOTAL MARINE RESOURCES	3,635,422
	MEDICAID	
	U.S. Department of Health and Human Services	
93. 767	State Children's Insurance Program	86,113,690
93. 769	Demonstration to Maintain Independence and Employment	35,710
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,401,820
93. 778	Medical Assistance Program	2,254,480,613
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	174,239
	Total U.S. Department of Health and Human Services	2,342,206,072
	TOTAL MEDICAID	2,342,206,072
	MENTAL HEALTH	
	U.S. Department of Health and Human Services	
93. 048	Special Programs for the Aging-Title IV and Title II Discretionary Projects	130,287
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	2,094,255
93. 150	Projects for Assistance in Transition from Homelessness (PATH)	339,504
93. 230	Consolidated Knowledge Development and Application (KD&A) Program	1,951,876
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	1,218,748
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	231,164
93. 958	Block Grants for Community Mental Health Services	3,724,117
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	14,084,283
	Total U.S. Department of Health and Human Services	23,774,234
	TOTAL MENTAL HEALTH	23,774,234
	MILITARY DEPARTMENT	
	U.S. Department of Defense	
12. UN3	Distance Learning Network	85,681
12. 400	Military Construction, National Guard	5,714,551
12. 401	National Guard Military Operations & Maintenance (O&M)	32,433,932

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	Projects	
12. 402	National Guard Special Military Operations and Projects	4,395,750
12. 404	National Guard Civilian Youth Opportunities	3,808,485
12. 405	National Guard Drug Interdiction and Counter Drug Activities	138,861
	Total U.S. Department of Defense	46,577,260
	TOTAL MILITARY DEPARTMENT	46,577,260
	MS DEVELOPMENT AUTHORITY	
	U.S. Department of Housing and Urban Development	
14. 228	Community Development Block Grants/State's Program	42,150,841
14. 231	Emergency Shelter Grants Program	1,211,114
14. 239	HOME Investment Partnerships Program	11,578,127
	Total U.S. Department of Housing and Urban Development	54,940,082
	U.S. Department of Labor	
17. 207	Employment Service (Passed-through from Georgia State University. Identifying number assigned by the pass-through entity is ALY51-08.)	16,594
17. 246	Employment and Training Assistance - Dislocated Workers	183,289
17. 250	Job Training Partnership Act	15,595
17. 258	WIA Adult Program	22,537,689
17. 259	WIA Youth Activities	21,510,533
17. 260	WIA Dislocated Workers	26,558,994
	Total U.S. Department of Labor	70,791,504
	Appalachian Regional Commission	
23. 002	Appalachian Area Development	586,734
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	132,869
	Total Appalachian Regional Commission	719,603
	U.S. Department of Energy	
81. 041	State Energy Program	586,408
81. 117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis /Assistance	22,716
81. 119	State Energy Program Special Projects	373,487
	Total U.S. Department of Energy	982,611
	U.S. Department of Education	
84. 346	Vocational Education-Occupational and Employment Information State Grants	142,095
	U.S. Department of Health and Human Services	
93. 585	Empowerment Zones Program	5,181,075

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL MS DEVELOPMENT AUTHORITY	132,756,970
	<u>NARCOTICS</u>	
07. UN	Office of National Drug Control Policy High Intensity Drug Trafficking Area (HIDTA)	332,285
16. UN	U.S. Department of Justice Domestic Cannabis Eradication/Suppression Program	215,755
16. UN1	COPS Methamphetamine Grant	519,795
	Total U.S. Department of Justice	735,550
	TOTAL NARCOTICS	1,067,835
	<u>OIL AND GAS BOARD</u>	
66. 433	Environmental Protection Agency State Underground Water Source Protection	94,700
	TOTAL OIL AND GAS BOARD	94,700
	<u>PLANT INDUSTRY</u>	
10. 163	U.S. Department of Agriculture Market Protection and Promotion	11,968-
66. 700	Environmental Protection Agency Consolidated Pesticide Enforcement Cooperative Agreements	100,000-
	TOTAL PLANT INDUSTRY	111,968-
	<u>PUBLIC SAFETY</u>	
07. UN	Office of National Drug Control Policy High Intensity Drug Trafficking Area (HIDTA)	141,839
16. 523	U.S. Department of Justice Juvenile Accountability Incentive Block Grants	1,279,641
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	673,397
16. 547	Victims of Child Abuse	93,698-
16. 549	Part E-State Challenge Activities	60,713
16. 554	National Criminal History Improvement Program (NCHIP)	736,737
16. 564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	495,528
16. 575	Crime Victim Assistance	3,054,036
16. 579	Byrne Formula Grant Program	5,806,291
16. 588	Violence Against Women Formula Grants	1,156,307

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	367,265
16. 592	Local Law Enforcement Block Grants Program	210,791
16. 593	Residential Substance Abuse Treatment for State Prisoners	614,553
16. 710	Public Safety Partnership and Community Policing Grants	246,000
16. 727	Enforcing Underage Drinking Laws Program	411,363
	Total U.S. Department of Justice	15,018,924
	U.S. Department of Transportation	
20. UN	Fatal Analysis Reporting System	56,721
20. 217	Motor Carrier Safety	67,047
20. 600	State and Community Highway Safety	6,276,332
	Total U.S. Department of Transportation	6,400,100
	U.S. Department of Education	
84. 186	Safe and Drug-Free Schools and Communities-State Grants	995,865
	TOTAL PUBLIC SAFETY	22,556,728
	PUBLIC SERVICE COMMISSION	
	U.S. Department of Transportation	
20. 218	National Motor Carrier Safety	2,102,495
20. 700	Pipeline Safety	346,706
	Total U.S. Department of Transportation	2,449,201
	TOTAL PUBLIC SERVICE COMMISSION	2,449,201
	REHABILITATION SERVICES	
	U.S. Department of Education	
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	35,680,098
84. 169	Independent Living-State Grants	224,111
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	272,643
84. 187	Supported Employment Services for Individuals with Severe Disabilities	290,845
84. 224	Assistive Technology	376,287
84. 235	Rehabilitation Services Demonstration and Training Programs	1-
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	142,056
	Total U.S. Department of Education	36,986,039
	Social Security Administration	
96. 001	Social Security-Disability Insurance	22,060,599
96. 008	Social Security-Benefits Planning, Assistance, and Outreach	331,306

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	Program	
	Total Social Security Administration	22,391,905
	TOTAL REHABILITATION SERVICES	59,377,944
	<u>SOIL & WATER CONSERVATION COMMISSION</u>	
10. 902	U.S. Department of Agriculture Soil and Water Conservation	1,604,348
	TOTAL SOIL & WATER CONSERVATION COMMISSION	1,604,348
	<u>STATE FIRE ACADEMY</u>	
97. 038	Department of Homeland Security First Responder Counter-Terrorism Training Assistance	139,565
	TOTAL STATE FIRE ACADEMY	139,565
	<u>SUPREME COURT</u>	
93. 586	U.S. Department of Health and Human Services State Court Improvement Program	212,226
	TOTAL SUPREME COURT	212,226
	<u>TRANSPORTATION</u>	
	U.S. Department of Transportation	
20. 205	Highway Planning and Construction	401,669,793
20. 500	Federal Transit-Capital Investment Grants	1,128
20. 505	Federal Transit-Metropolitan Planning Grants	1,738,418
20. 509	Formula Grants for Other Than Urbanized Areas	3,859,200
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	871,581
20. 516	Job Access-Reverse Commute	11,251
	Total U.S. Department of Transportation	408,151,371
	TOTAL TRANSPORTATION	408,151,371
	<u>TREASURY</u>	
	U.S. Department of Energy	
81. UN1	Petroleum Violation Escrow - Stripper Well	987,335
81. UN2	Petroleum Violation Escrow - Citronelle/Exxon	94,132

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2003

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
81. 041	State Energy Program	31,198
	Total U.S. Department of Energy	1,112,665
	TOTAL TREASURY	1,112,665
	<u>VETERANS AFFAIRS BOARD</u>	
64. 124	U.S. Department of Veterans Affairs All-Volunteer Force Educational Assistance	124,640
	TOTAL VETERANS AFFAIRS BOARD	124,640
	<u>WILDLIFE, FISHERIES AND PARKS</u>	
12. UN2	U.S. Department of Defense Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500, DACW01-3-91-543, DACW01-3-92-410, DACW01-3-91-411, DACW38-91-H-007 and DACW38-91-H-010.)	1,624,328
15. 605	U.S. Department of the Interior Sport Fish Restoration	2,422,845
15. 611	Wildlife Restoration	2,711,583
15. 612	Rare and Endangered Species Conservation	326,993
	Total U.S. Department of the Interior	5,461,421
20. 219	U.S. Department of Transportation Recreational Trails Program	725,851
97. 012	Department of Homeland Security Boating Safety Financial Assistance	356,840
	TOTAL WILDLIFE, FISHERIES AND PARKS	8,168,440
	TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 4,740,202,038

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$198,057,696 and federal expenditures of \$85,654,232. Federal expenditures consist of both cash and noncash benefits.

@Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

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Notes to the Schedules of Expenditures of Federal Awards



STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.
- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.
 - Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2003, federal expenditures, distributions or issuances totaled \$4,740,202,038. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$14,220,606. For the fiscal year 2003 audit, eight Type A programs were identified as low risk. Risk assessments of Type B programs were performed until eight high risk Type B programs were identified. Twenty-two federal award programs, comprising 14 high risk Type A programs and eight high risk Type B programs, were audited as major programs for the State of Mississippi.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs of the Mississippi Authority for Educational Television and for those programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2003. The Mississippi Authority for Educational Television engaged other auditors to perform an audit in accordance with OMB Circular A-133, and a separate report was issued September 19, 2003. Expenditures of federal awards provided to the state's public universities and related entities were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report was issued March 8, 2004.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2003, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The state issues food stamp benefits in both paper and electronic form. When issued in paper form, benefits are valued based on the face amount of the food stamps and are recognized as expenditures when the food stamps are distributed to recipients. When issued in electronic form, food stamps benefits are recognized as expenditures when recipients use the benefits.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:
1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
 2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$1,104,754. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2003, as charges for sales and services of \$434,000. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for new loans totaling \$3,098,334. Program income generated by the program in previous years was used to make these new loan payments. In subsequent years, the program income generated from the repayment of these loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2003, the outstanding loan balance for the program totaled \$11,060,355.
- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 198,057,696
Federal Portion	<u>85,654,232</u>
Total	\$ <u>283,711,928</u>

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2003, was \$204,341,460. Total disbursements for new loans for the year ended June 30, 2003, totaled \$27,422,404. Administrative costs associated with the program for the year ended June 30, 2003, totaled \$1,130,307.
- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2003, was \$55,689,581. Total disbursements for new loans made during fiscal year 2003 totaled \$18,257,426. Administrative costs associated with the program for the year ended June 30, 2003, totaled \$881,960.
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$29,887,232 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.
- H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number except for CFDA 17.225, which is identified with an # to the right of the CFDA number. A listing of these programs follows:

CFDA Number	Program Name
10.550	Food Donation
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
17.225	Unemployment Insurance
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
93.994	Maternal and Child Health Services Block Grant to the States

Note:

- *CFDA 10.570—Nutrition Services Incentive is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- *CFDA 17.225 - Unemployment Insurance received \$85,654,232 in federal funding, including cash assistance and noncash assistance. Cash assistance totaled \$84,353,769 and noncash assistance totaled \$1,300,463.*
- *CFDA 93.268 — Immunization Grants received \$7,810,032, including cash assistance and noncash assistance. Cash assistance totaled \$2,611,337 and noncash assistance totaled \$5,198,695.*
- *CFDA 93.977—Preventive Health Services - Sexually Transmitted Diseases Control Grants received \$1,618,913, including cash assistance and noncash assistance. Cash assistance totaled \$1,515,379 and noncash assistance totaled \$103,534.*
- *CFDA 93.994 - Maternal and Child Health Services Block Grant to the States received \$10,983,828, including cash assistance and noncash assistance. Cash assistance totaled \$10,944,359 and noncash assistance totaled \$39,469.*

- I. The State of Mississippi's major federal programs for the year ended June 30, 2003, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA Number	Program Name
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnerships Program
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
21.UN	Jobs and Growth
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.002	Adult Education - State Grant Program

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (concluded)**

	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	Innovative Education Program Strategies
84.367	Improving Teacher Quality State Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.958	Block Grants for Community Mental Health Services
93.991	Preventive Health and Health Services Block Grant
	Disability Insurance/SSI Cluster:
96.001	Social Security - Disability Insurance
97.039	Hazard Mitigation Grant

Schedule of Findings and Questioned Costs

Part 1 - Summary of Auditor's Results



STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the state's public universities and the Mississippi Authority for Educational Television, for which separate reports were issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☒ yes ☐ no

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA	
<u>Number</u>	<u>Program Name</u>
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnerships Program
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
21.UN	Jobs and Growth
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.002	Adult Education - State Grant Program
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	Innovative Education Program Strategies
84.367	Improving Teacher Quality State Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

<u>CFDA Number</u>	<u>Program Name</u>
93.958	Block Grants for Community Mental Health Services
93.991	Preventive Health and Health Services Block Grant
96.001	Disability Insurance/SSI Cluster: Social Security - Disability Insurance
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between
Type A and Type B programs:

\$14,220,606

Auditee qualified as low-risk auditee?

 yes X no

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Schedule of Findings and Questioned Costs

Part 2 - Financial Statement Findings



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has the following designation:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding
Number**

Finding and Recommendation

EMPLOYMENT SECURITY

Reportable Condition

03-06

Controls over the Calculation of the General Experience Rate Should Be Strengthened to Ensure Accuracy

Finding:

Per Section 71-5-355(2)(b)(iv), Miss. Code Ann. (1972), the unemployment contribution assessment tax for each eligible employer shall be the sum of two rates: the employer's individual experience rate, plus a general experience rate. Testwork performed at the Mississippi Employment Security Commission (MESC) revealed that employers were under assessed unemployment contribution assessment taxes for the tax year beginning January 1, 2003, and ending December 31, 2003. The general experience rate used to calculate each employer's contribution tax was understated by three tenths of a percent. The general experience rate used to calculate each employer's contribution tax should have been one percent; however, MESC incorrectly used seven tenths of a percent. Our review of internal controls over the procedures used in the calculation of the general experience rate revealed a lack of adequate supervisory review procedures to ensure the calculation was accurate.

Good internal controls require a detailed supervisory review be performed for the calculation of the general experience rate to ensure accuracy and completeness. Failure to properly apply internal controls could allow errors to occur without being detected promptly.

Recommendation:

We recommend the Mississippi Employment Security Commission strengthen internal controls by requiring a more thorough review be performed to ensure the calculation of the general experience rate is accurate. Evidence of the review should be documented by the reviewer's initials and date of review.

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Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2003

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510 (a) of OMB Circular A-133.

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one of the following designations:

- **Immaterial Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

10.557

Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: SMS700704, 2003

03-17

Computer System Policies and Procedures Should Be Developed

Finding:

Based on a review of the Mississippi WIC Inventory Tracking System (MWITS) at the Mississippi State Department of Health, we noted the agency does not have written policies and procedures for:

- Establishing systems and programs testing;
- Ensuring maintenance of applications is adequately controlled; and
- Ensuring data table maintenance is complete, accurate and current.

As stated in *Control Objectives for Information and Related Technology* (CobiT) guidelines, without written policies and procedures the agency could incorrectly implement changes to existing systems and programs without proper testing, inappropriate maintenance changes in applications could occur and data table changes could be made without proper approval.

Recommendation:

We recommend the Mississippi State Department of Health develop written policies and procedures for the MWITS for establishing systems and programs testing, ensuring maintenance of applications are adequately controlled, and ensuring changes to data tables are complete, accurate and current.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

HEALTH

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-18 Controls over Data Security Should Be Strengthened

Finding:

Based on a review of the Mississippi WIC Inventory Tracking System (MWITS) at the Mississippi State Department of Health, we noted the agency did not restrict programmers and analysts from accessing production data and program files. The *Control Objectives for Information and Related Technology* (CobiT) guidelines require management to ensure data security controls are in place. Failure by the agency to develop adequate security controls could allow unauthorized users access to important data.

Recommendation:

We recommend the Mississippi State Department of Health limit access to MWITS production data files and program files to those individuals authorized to process or maintain the MWITS.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

10.557

Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-19

Edits for the Social Security Number Data Field Should Be Developed

Finding:

Based on a review of the Mississippi WIC Inventory Tracking System (MWITS) at the Mississippi State Department of Health, we noted there was not an adequate edit check in place to ensure the social security number data field was reasonable, valid and formatted correctly. Testwork performed on participants' social security numbers revealed 160 numbers which did not follow established numbering rules prescribed by the Social Security Administration. We also noted duplicate social security numbers. In these instances, the same social security number was listed two or more times but with a different individual's name and date of birth. As stated in the *Control Objectives for Information and Related Technology* (CobiT) guidelines, inadequate edit check controls could prevent reasonable assurance that input data is complete and correct and that WIC benefits would be furnished only to eligible participants.

Recommendation:

We recommend the Mississippi State Department of Health incorporate an edit into the MWITS programming to ensure the social security number data field is reasonable, valid and formatted correctly. This edit should prevent a number from being entered which does not follow the appropriate guidelines. We also recommend the agency implement procedures to verify social security numbers with the Social Security Administration to ensure the numbers input to the MWITS are correct.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

HEALTH

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-20 Personnel Costs Should Be Properly Charged to Federal Program

Finding:

The *Code of Federal Regulations* (7 CFR 3016.22) for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) requires that allowable costs be determined in accordance with the Office of Management and Budget (OMB) Circular A-87. OMB Circular A-87 requires that amounts charged to grant programs for personnel services, regardless of whether treated as direct or indirect costs, be based on documented payrolls. Payrolls are required to be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort.

The Mississippi State Department of Health has implemented a time study system for allocating salaries and fringe benefits to the various programs administered by the agency. The time study is based on time study reporting forms completed for one week of each month. The agency budgets personnel costs to the respective programs for the forthcoming year based on the majority of time a person spent on a single program in the prior year. Reconciliations are performed between current actual time and effort reports and the budgeted amounts charged for payroll to a program in order to make adjustments to correctly state the time and effort expended by each employee per program.

During our review of the time study system for fiscal year 2003, we noted the following problems:

- The agency had not performed reconciliations between current actual time and effort reports and the budgeted amount charged for payroll to the WIC program in order to make adjustments to correctly state the time and effort expended by each employee. A reconciliation prepared by the auditor for fiscal year 2003 revealed the amount of federal funds drawn and charged to the WIC program exceeded salaries documented per the time study system. Therefore, it would appear the WIC program was overcharged.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Agency personnel with job duties that relate to a federal program are required to complete a time study reporting form for one week each month. However, personnel are exempt from completing a time study reporting form if their job duties are 100% related to the WIC program. Time for these individuals is entered by time study employees at 100% WIC. Testwork revealed 12 employees whose actual work was 100% WIC were incorrectly posted in the time study system as administrative services or general administrative, therefore employee costs were not documented in the time study system as WIC, but we noted their salaries were charged to the WIC program. The errors noted would cause the time study reconciliation to be inaccurate since employee costs were properly charged to the WIC program but the time study would show the employee costs as administrative or general. These errors would be a contributing factor to the excess charges noted above.
- A preprinted time study reporting form is issued for those employees for whom reporting is required. The preprinted form includes an employee's job position and job description. Testwork performed on these forms revealed instances in which the employee's job position and job description were incorrect when compared with the employee's current position. Further testwork revealed that at the time the preprinted forms were issued the most current payroll data was not used. Since all employees are not required to complete a form, failure to ensure the preprinted forms are accurate could result in an employee going from an exempt position which does not require a form to be completed to a nonexempt position in which case, time related to a program would not be properly identified. Also, it was noted for this same time reporting period that the proper payroll data was not used to obtain salary amounts. Therefore, the salary costs identified in the time study system were not proper.
- We noted one instance out of 36 tested in which the time study reporting form was incomplete because the reporting time codes were not completed on the form. However, we noted reporting codes had been entered into the time study system. Based on discussions with agency personnel, the reporting codes were obtained verbally from the employee. However, this correction was not documented on the form.
- We noted one instance out of 36 tested in which the supervisory review of the time study reporting form was not documented. However, the form was still entered into the time study system. Agency personnel stated that verbal approval was obtained from supervisory personnel but no documentation was maintained.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Good internal controls would dictate that adequate controls be in place to ensure that the amounts charged to grant programs for personnel services agree to the time study system. Inadequate controls over the time study system could hinder the agency's ability to manage federal funds effectively and to comply with federal regulations. When the auditors notified the agency of the problems noted, agency personnel contacted federal program personnel and obtained permission to identify and document additional WIC program costs which were originally paid for with nonfederal funds but which were eligible to be reimbursed by federal funds. Audit procedures performed on these additional program costs offset the excess charges noted in this finding. However, the discrepancies in the time study system and errors noted required additional audit time to ensure that the federal programs had not been charged improperly.

Recommendation:

We recommend the Mississippi State Department of Health strengthen internal controls to ensure agency personnel reconcile actual cost data supported by time and effort reports to budgeted amounts charged to all federal programs. Adjustments should be made to correctly charge personnel expense to federal programs based on benefits derived by the federal program and in order to produce an equitable distribution of time and effort. Also, the agency should ensure preprinted time study reporting forms and salaries used in the time study system are based on current payroll data. We further recommend the agency ensure that forms contain a documented supervisory review, and any changes made to a form entered into the system should include a documentary notation.

HEALTH

CASH MANAGEMENT

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Federal Award Number and Year: 5MS700704, 2001, 2002 and 2003

03-21 Controls over Cash Management Should Be Strengthened

Finding:

Testwork performed at the Mississippi State Department of Health on cash management procedures revealed that \$67,187 of federal funds for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program had been drawn in excess of program costs per agency records for fiscal year 2003.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Testwork was extended and it was determined the agency received \$209,517 in federal funds from July 2000 through August 2003 in excess of program costs recorded in the agency accounting records. The *Code of Federal Regulations* (7 CFR 3016.22) states allowable costs are reasonable fees or profit to cost-type contractors, but not any fee or profit to the grantor or subgrantee. Reimbursement for program costs in excess of actual costs per the agency records would be a profit and therefore, not allowable. Adequate controls should be in place to ensure federal funds are not drawn in excess of program costs recorded in the agency accounting records. Inadequate controls over cash management hinder the agency's ability to manage federal funds effectively and to comply with federal regulations. The auditors notified the agency of this problem and the agency was able to provide supporting documentation of additional costs for the program which had been paid with nonfederal funds. Therefore, it appears no questioned costs are involved.

Recommendation:

We recommend the Mississippi State Department of Health strengthen internal controls over cash management to ensure requests for federal funds accurately reflect the program costs reported in the agency accounting records.

HEALTH

REPORTING

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2002

03-23 Controls over Reporting Should Be Strengthened

Finding:

The *Code of Federal Regulations* (7 CFR 246.25(b)) requires the Mississippi State Department of Health to submit monthly financial and program performance (participation) data for the Special Supplemental Nutrition for Women, Infants, and Children (WIC) program to the U.S. Department of Agriculture. Testwork performed on the September 2002 WIC Financial Management and Participation Report (FNS-798) revealed some of the amounts reported did not agree to supporting documentation.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

The agency reported gross outlays for Nutrition Services and Administration (NSA) costs as \$14,794,570 however, per agency accounting records NSA costs were \$13,544,489. Also, per supporting worksheet documentation unliquidated obligations totaled \$426,610 for NSA costs however, \$616,440 was reported. Good internal controls require an adequate supervisory review be performed to ensure that reports agree to supporting documentation, and are complete and accurate prior to submission to the federal grantor. Failure to provide the federal cognizant agency with accurate report figures could impede federal oversight of the program.

Recommendation:

We recommend the Mississippi State Department of Health strengthen procedures over the preparation of federal reports for the Special Supplemental Nutrition Program for Women, Infants, and Children to ensure federal reports are properly prepared.

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Immaterial Noncompliance

10.561
93.558

State Administrative Matching Grants for Food Stamp Program
Temporary Assistance for Needy Families

Federal Award Number and Year: Various
Questioned Costs: To be Determined

03-12

EBT Costs Should Be Properly Allocated

Finding:

At the Mississippi Department of Human Services, payments to individuals receiving benefits from the Food Stamps program and the Temporary Assistance for Needy Families (TANF) program are made through an electronic benefit transfer (EBT) system. During fiscal year 2003, payments were made to three contractors providing EBT support services to the agency. In our allowable costs/cost principles testwork, we noted payments to all three contractors were paid from and reported as expenditures of the State Administrative Matching Grants for Food Stamp Program grant, although some of the costs were attributable to the TANF program.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Discussion with agency personnel revealed some adjustments had already been made to allocate a portion of one of the contractor's costs from November 2002 to March 2003 to the TANF program. However, no action had been taken by the agency to allocate any costs to the TANF program for the other two contractors. According to cost principles outlined in Office of Management and Budget (OMB) Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, all activities benefitting from these costs should receive an appropriate allocation of the costs.

Recommendation:

We recommend the Mississippi Department of Human Services review all payments to contractors providing EBT support services since inception of the contracts, and allocate these costs to the appropriate federal programs.

HUMAN SERVICES

REPORTING

Reportable Condition

10.561

State Administrative Matching Grants for Food Stamp Program

Federal Award Number and Year: 5MS400405, 2003
5MS420415, 2003

03-09

Controls over Food Stamp Program Reporting Should Be Strengthened

Finding:

In performing testwork on reporting for the State Administrative Matching Grants for Food Stamp Program at the Mississippi Department of Human Services for fiscal year 2003, we selected the SF-269 financial status report for the quarter ending March 31, 2003. We noted expenditures for the current quarter and cumulative expenditures were both overstated by \$10,498,852. Also, the federal share of cumulative expenditures was overstated by \$6,458,920. It appears the agency reported cumulative amounts, rather than current amounts, as expenditures for the current report period, causing these errors. We also noted that although a hard copy of the report is completed and a supervisory review is documented on this copy, there appears to be no supervisory review of the amounts actually entered on-line and submitted to the federal grantor agency. However, the errors noted above were made on both the hard copy and the on-line submission of the report.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

After discussion with auditors, the agency immediately corrected the amounts on the report. According to agency personnel, the federal grantor had not yet certified the original March 31, 2003, report, thus the agency was able to correct the original submission of the report on-line. Good internal controls require reports receive an adequate and documented supervisory review to ensure accuracy and completeness prior to submission to the federal grantor.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls by exercising greater care when the SF-269 financial status report is reviewed by supervisory personnel to ensure propriety prior to submission to the federal grantor. In addition, the agency should ensure this includes a documented supervisory review of the on-line submission of this report.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal Award Number and Year: Various

03-11	<u>Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened</u>
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Finding:

Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient expending \$300,000 or more in federal awards during the subrecipient's fiscal year. The audits are due to the primary agency within nine months after the end of the subrecipient's fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

The Mississippi Department of Human Services provided \$300,000 or more of federal financial assistance to multiple subrecipients through a variety of federal programs during fiscal year 2001. Testwork performed during the fiscal year 2003 audit on subrecipient audits received and reviewed by the agency for subrecipient audit year 2001 revealed the following:

- For seven of 20 subrecipients tested, or 35 percent, we noted audit reports were not received by the agency within the nine-month deadline.
- For two of 20 subrecipients tested, or 10 percent, we noted the agency had not yet received an audit report as required from the subrecipient.
- For one of 20 subrecipients tested, or 5 percent, we noted the agency failed to respond to audit findings within six months of receipt of the audit report from the subrecipient.

Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely.

Recommendation:

While the agency does have a centralized system for receiving subrecipient audit reports, we recommend the Mississippi Department of Human Services strengthen controls to ensure subrecipient audit reports are received timely. The appropriate funding division within the agency should be notified of any subrecipient audit findings and should resolve these findings within six months of receipt of the report by the agency.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA/Finding
Number

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

PROGRAM INCOME

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

03-01

Written Policies and Procedures Should Be Established for Program Income

Finding:

The *Code of Federal Regulations* (24 CFR 92.503 and 92.504) designates that program income generated from the use of HOME Investment Partnerships Program (HOME) funds must be used for additional eligible activities of the program. Also, before disbursing HOME funds to a subrecipient, the Mississippi Development Authority (MDA) must enter into a written agreement with that subrecipient. The agreement must document if program income is to be remitted to MDA or to be retained by the subrecipient. Further guidance from the U.S. Department of Housing and Urban Development documents that program income must be monitored to ensure compliance with HOME regulations.

During procedures performed to determine if MDA had policies and procedures in place to ensure program income generated from the use of HOME funds was being managed in accordance with federal regulations, we noted that MDA had no policies, procedures or a tracking mechanism in place to ensure compliance with program income requirements. Also, we noted for one project which had program income that the written agreement did not state if MDA or the subrecipient would retain the program income.

Good internal controls dictate written policies and procedures be in place to ensure compliance with program income requirements. Also, good internal controls dictate a mechanism be in place to ensure program income is properly tracked. Failure to have written policies and procedures and a tracking mechanism for program income could result in the agency being unaware of program income generated and ultimately could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being detected in a timely manner.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls over program income for the HOME Investment Partnerships Program by implementing written policies and procedures for monitoring program income. Also, we recommend a mechanism to track program income be implemented to ensure subrecipients are monitored for compliance with federal regulations. We further recommend that MDA ensure all written agreements document if program income is to be remitted to MDA or retained by the subrecipient.

MISSISSIPPI DEVELOPMENT AUTHORITY

REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: M-02-SG-28-0100, 2002

03-02

Policies and Procedures Should Be Established to Ensure Compliance with Real Property Acquisition and Relocation Assistance Requirements

Finding:

During testwork performed at the Mississippi Development Authority on the HOME Investment Partnerships Program subgrant projects, we noted the agency did not have policies and procedures in place to ensure compliance with real property acquisition and relocation assistance compliance requirements.

According to the *Code of Federal Regulations* (24 CFR 42.1), Housing and Urban Development (HUD) assisted programs and projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970. The URA provides for the uniform and equitable treatment of persons displaced by federally-assisted programs from their homes, businesses or farms.

Good internal controls require the agency to have adequate policies and procedures in place to ensure compliance with federal regulations. Failure to ensure that subrecipients are properly informed and monitored for compliance with real property acquisition and relocation assistance requirements could result in noncompliance with federal regulations.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Development Authority establish policies and procedures to ensure the real property acquisition and relocation assistance requirements for the HOME Investment Partnerships Program are met in accordance with federal regulations.

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

03-03

Internal Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

Finding:

The Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report performed in accordance with the OMB Circular A-133 from each subrecipient expending \$300,000 or more in federal awards in a fiscal year. The audits are due to the primary recipient within nine months after the end of the subrecipient's fiscal year. In addition, the primary recipient must issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure the subrecipient took appropriate and timely corrective action.

Testwork performed at the Mississippi Development Authority during fiscal year 2003 on subrecipient audits received and reviewed by the agency for subrecipient audit year 2001 for the HOME Investment Partnerships Program (HOME) revealed the following:

- One of the ten subrecipient audits tested, or ten percent, revealed the management decision issued did not address findings noted in the audit report. No corrective action was requested or received from the subrecipient.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

CFDA/Finding
Number

Finding and Recommendation

- One of the ten subrecipient audits tested, or ten percent, revealed the HOME grant was not listed in the subrecipient's Schedule of Expenditures of Federal Awards, thus prohibiting the program from inclusion in the scope for selection of programs for audit. No request for a corrected schedule was made by the agency.
- One of the ten subrecipient audits tested, or ten percent, revealed an audit performed in accordance with OMB Circular A-133 was not received from the subrecipient.

Good internal controls require that all work performed receive adequate supervisory review to ensure any errors or omissions are properly detected. Without adequate controls over the proper submission of audit reports and the follow-up of audit findings, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls over the review of subrecipient audits to ensure audit reports are received, proper management responses are issued and appropriate corrective action is obtained.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

CFDA/Finding
Number

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

03-04

Internal Controls Should Be Strengthened over Subrecipient Monitoring

Finding:

The *Code of Federal Regulations* (24 CFR 92.201) requires the Mississippi Development Authority (MDA) to conduct reviews and audits of its subrecipients as may be necessary or appropriate to determine program compliance for the HOME Investment Partnerships Program. As further guidance for this regulation, the U.S. Department of Housing and Urban Development (HUD) issued a HOME Program Model document entitled "Monitoring HOME Program Performance." This document requires MDA to perform on-site monitoring visits using risk factors to set monitoring priorities. The MDA has developed monitoring procedures which require an on-site visit to take place at least once during the life of a project to ensure compliance with all applicable federal regulations.

Testwork performed on 20 projects which closed during fiscal year 2003 to review the agency's adherence to its prescribed procedures for subrecipient on-site monitoring visits revealed the following weaknesses:

- One instance in which the "Monitoring Response Review" form, which documents supervisory review and approval of the subrecipient's response to findings noted, did not appear in the monitoring file.
- Two instances in which the "Compliance Review" form, which documents supervisory review and approval of the monitoring visit and forms prepared by MDA monitors, did not appear in the file.
- One instance in which the "Compliance Review" form was not signed or initialed by a supervisor.
- One instance in which the "Compliance Review" form was not signed or initialed by the Bureau Manager or an employee acting in that capacity.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

CFDA/Finding
Number

Finding and Recommendation

- One instance in which there were inconsistencies in the monitoring report issued by MDA to the subrecipient. The body of the report indicated records were reviewed; however, the report conclusion stated, "The Town had no project records available except for bank statements and cancelled checks since their Administrator quit the project and did not turn over any records to the town."

Good internal controls dictate a supervisory review be performed on monitoring workpapers and reports to ensure completeness and propriety. Without effective supervisory review procedures, potential subrecipient noncompliance could go undetected.

Recommendation:

We recommend the Mississippi Development Authority strengthen its existing internal controls for subrecipient monitoring. Greater care should be taken during the supervisory review process to ensure the completeness of monitoring files and the propriety of reports.

MISSISSIPPI DEVELOPMENT AUTHORITY

SPECIAL TESTS AND PROVISIONS

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

03-05

Internal Controls Should Be Strengthened over Period of Affordability Inspections

Finding:

The *Code of Federal Regulations* (24 CFR 92.504) requires the participating jurisdiction to perform on-site inspections during the period of affordability. The period of affordability is the period for which the non-federal entity must maintain rental housing assisted with HOME Investment Partnerships Program funds. The purpose of these inspections is to ensure compliance with housing quality standards per the *Code of Federal Regulations* (24 CFR 92.251 and 92.252).

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (concluded)

CFDA/Finding
Number

Finding and Recommendation

Testwork performed at the Mississippi Development Authority to ensure these on-site inspections were completed revealed the following problems:

- Testwork performed to ensure period of affordability on-site inspections were completed revealed one of the eight on-site inspections required to be performed during fiscal year 2003 had not been performed.
- Testwork performed to ensure propriety of the agency's period of affordability inspection tracking document revealed three closed projects which should have been included on the document were not included.
- During testwork performed, one closed project for the construction of units for lease-purchase by eligible tenants was noted. According to the *Code of Federal Regulations* [24 CFR 92.254 (a) (7)], "If HOME funds are used to acquire housing that will be resold to a homebuyer through a lease-purchase program, the HOME affordability requirements for rental housing in Section 92.252 shall apply if the housing is not transferred to a homebuyer within forty-two months after project completion." However, this project was not included on the period of affordability inspection document indicating the housing was transferred to a homebuyer within this time period. Therefore, it could not be determined if the period of affordability requirements had been met.

Good internal control procedures dictate supervisory personnel ensure the period of affordability inspection tracking document is proper and ensure the required inspections are performed by agency personnel. Failure to ensure the propriety of the period of affordability inspection tracking document could result in nonperformance of the required inspections, and failure to ensure the required inspections are performed could result in housing quality standards not being properly maintained.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal control procedures to ensure the period of affordability inspection tracking document is proper and period of affordability inspections are conducted in compliance with federal regulations for the HOME Investment Partnerships Program. We further recommend the agency implement procedures to ensure lease-purchase projects receive period of affordability inspections, if applicable.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

84.027 Special Education – Grants to States
84.173 Special Education – Preschool Grants

Federal Award Number and Year: H027A020108, 2002
H173A020113, 2002

03-14 Controls over the Earmarking Requirement Should Be Strengthened

Finding:

Program regulations for the Special Education – Grants to States (Part B) and Special Education – Preschool Grants (Preschool) require the Mississippi Department of Education to allocate a portion of grant funding, commonly known as “minimum flow-through funds”, to the various local educational agencies (LEAs) within the State. For fiscal year 2003, we were unable to test the propriety of the Part B or Preschool formula allocations to the LEAs because supporting documentation could not be located by program personnel. However, we performed additional testwork comparing the allocations given to the LEAs for fiscal year 2003 with the allocations made in fiscal year 2002 and did not note any unusual variances. Based on the additional audit procedure, we feel the agency materially complied with the program regulations governing allocation of funds to the LEAs.

Recommendation:

We recommend the Mississippi Department of Education strengthen controls to ensure compliance can be verified for the earmarking requirement for the Special Education – Grants to States and Special Education – Preschool Grants. The source documents should be maintained for audit purposes.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

84.298

Innovative Education Program Strategies – Title V

Federal Award Number and Year: S298A020024A, 2002

03-15

Allocations to Local Educational Agencies Should Be Properly Calculated

Finding:

Title V, Part A, Section 5112(a) of the Elementary and Secondary Education Act (20 USC 7211a) requires the Mississippi Department of Education (MDE) to distribute a set percentage of the Innovative Education Program Strategies grant award to local educational agencies (LEAs) within the State according to the relative enrollments in public and private nonprofit schools within the jurisdiction of the LEA. The public law further states the distribution of funds should be adjusted in accordance with criteria approved by the United States Department of Education (USDE) to provide higher per-pupil allocations to LEAs having the greatest number or percentage of children whose education imposes a higher-than-average cost per child.

The Office of Innovative Support at MDE included in the Consolidated Application for State Grants an allocation formula providing for: (1) the distribution of 95 percent of required allocable funds to LEAs based on relative public and private nonprofit enrollment, and (2) the distribution of the remaining five percent of required allocable funds based on two high cost factors – student population sparsity and low income. The student population sparsity factor was to be measured by the average daily attendance of students transported per square mile. The low income factor was to be measured by the percentage of students receiving free lunches. Each LEA was to be ranked separately for the two high cost factors. The rankings were then to be averaged. LEAs receiving the highest average rankings were to receive the additional allocation. To calculate the allocations to LEAs within the State, the Office of Innovative Support obtained data from other divisions of MDE. The data was input by Office of Innovative Support personnel into a computer spreadsheet, which calculated the allocations.

Testwork performed at MDE for fiscal year 2003 on allocations to 155 LEAs from the 2002 Innovative Education Program Strategies grant award revealed the following problems:

- For seven LEAs, there was no documentation on file at the agency to support private nonprofit school enrollment data input to the allocation spreadsheet.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- For six LEAs, private nonprofit school enrollment data was incorrectly entered into the agency's allocation spreadsheet.
- In calculating the additional high cost allocations, the agency did not use the formula for calculating student population sparsity as outlined in the State Plan. Instead, the agency erroneously measured population sparsity using the number of students eligible for transportation by each LEA. The agency should have calculated the average daily attendance of students transported per square mile.
- For 99 LEAs, the data used to measure student population sparsity was incorrectly input into the agency's allocation spreadsheet.

We also noted the method used by the agency to rank student population sparsity was incorrect. The allocation formula provided in the State Plan called for the ranking of student population sparsity on a scale from 1 to 10 with 1 being the lowest score (for the most densely populated LEAs) and 10 the highest (for the most sparsely populated LEAs). However, agency personnel ranked sparsity data using a reversed relationship which gave a higher rating to more densely populated LEAs. This resulted in more densely populated LEA's incorrectly receiving higher rankings during the calculation of high cost allocations.

As a result of the errors noted, allocations to LEAs for the Innovative Education Program Strategies grant were incorrectly calculated. Because of the complexity of the calculations, it was not feasible for the auditor to re-calculate the allocations to determine the overall effect of the errors.

Recommendation:

We recommend the Mississippi Department of Education strengthen controls over allocation of Innovative Education Program Strategies - Title V grant funds to LEAs to ensure necessary and required data is obtained and maintained on file at the agency, entry of data into the agency's computer spreadsheet is properly reviewed for accuracy, and correct ranking procedures for student population sparsity are implemented. All supervisory reviews should be documented. We further recommend the Mississippi Department of Education obtain a written disposition from the United States Department of Education stating whether subsequent fiscal year allocations should be adjusted to compensate for the incorrectly calculated 2002 grant allocations.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Immaterial Noncompliance

84.027
84.173

Special Education – Grants to States
Special Education – Preschool Grants

Federal Award Number and Year: H027A000108A, 2000
H173A020113, 2002

03-16

Controls Should Be Strengthened to Ensure Compliance with Earmarking Requirements

Finding:

The Mississippi Department of Education - Bureau of Special Education administers the Special Education - Grants to States program and the Special Education - Preschool Grants program. The grant award documents for these programs indicate the minimum amount of funds the State must distribute to its local educational agencies (LEAs) for formula and capacity building subgrants, as well as the maximum amount that can be expended for administration and other state-level activities. During the audit of fiscal year 2003, we noted the agency had not developed adequate procedures to ensure the required budget allotment of funds was correctly determined and input to the accounting system. During testwork on the earmarking requirement for the federal fiscal year 2000 Special Education - Grants to States program, we noted the amount budgeted and expended in the Statewide Automated Accounting System (SAAS) for other state-level activities by the agency exceeded the maximum allowed by \$2,701, and the amount budgeted and expended for capacity building subgrants failed to reach the minimum required by \$424. During testwork on the earmarking requirement for the federal fiscal year 2002 Special Education - Preschool Grants program, we noted the amount budgeted in SAAS for administration exceeded the maximum allowed by \$103,609. Because the federal fiscal year 2002 was still ongoing at the time of audit testwork, we were unable to conclude on the agency's compliance for the 2002 maximum/minimum earmarking requirement. Failure to properly calculate budgetary limits in SAAS could result in noncompliance by the Mississippi Department of Education with the maximum/minimum earmarking requirement mandated by the United States Department of Education.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Education strengthen controls over the earmarking of Special Education - Grants to States and Special Education - Preschool Grants funds. Calculations for budgetary allotments should be reviewed and approved by an independent person. We further recommend the necessary corrections be made to the incorrect budget allotments for the federal fiscal year 2002 Special Education - Preschool Grants program to ensure that the agency does not exceed the administrative limit.

REHABILITATION SERVICES

REPORTING

Reportable Condition

84.126

Rehabilitation Services – Vocation Rehabilitation Grants to States

Federal Award Number and Year: H126A020034, 2002

03-13

Internal Controls over Reporting Should Be Strengthened

Finding:

Federal regulations (Policy Directive RSA-PD-00-09) require each State Vocational Rehabilitation (VR) Agency that has expended funds in providing VR services to individuals with disabilities under the Section 110 and Title VI-B programs of the Rehabilitation Act of 1973, as amended, submit an Annual Vocational Rehabilitation Program/Cost Report (RSA-2) to the United States Department of Education - Rehabilitation Services Administration for each fiscal year (October 1 through September 30).

The RSA-2 report must reflect all expenditures made during the federal fiscal year covered by the report from all federal, state and other rehabilitation funds, including program income. For the purpose of this report, expenditures include obligations that were incurred during the reporting period but not yet liquidated (paid) as of the close of the period.

Our audit testwork at the Mississippi Department of Rehabilitation Services - Offices of Vocational Rehabilitation and Vocational Rehabilitation for the Blind included a review of the report and supporting documentation for the federal fiscal year ended September 30, 2002. The following weaknesses were noted:

- The amount reported for expenditures was overstated by \$5,682,692 due to the calculation of unliquidated obligations being incorrect.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

- Amounts reported on Schedule II of the report for "Total Title VI-B Funds Expended on Services" did not agree to the amounts reported for the same expenditures on Schedule IV of the report by \$82,437.

Good internal controls require amounts reported on the annual RSA-2 report be in compliance with the instructions for the report and be supported by the accounting records.

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services - Offices of Vocational Rehabilitation and Vocational Rehabilitation for the Blind strengthen controls over reporting to ensure amounts reported on the RSA-2 report agree to the accounting records. We further recommend schedules be checked for clerical accuracy prior to submission to United States Department of Education - Rehabilitation Services Administration.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.991

Preventive Health and Health Services Block Grant

Federal Award Number and Year: BI-MS-PRVS, 2002

03-22

Controls over Earmarking Requirements Should Be Strengthened

Finding:

Federal regulations (42 USC 300w-3(a)(2) and 300w-10(d)), along with the grant award notification, require the state to expend specific minimum amounts on services to victims of sexual offenses and rape prevention education from the Preventive Health and Health Services Block Grant (PHHS). The Mississippi State Department of Health did not identify expenditures for services to victims of sexual offenses or rape prevention education for PHHS during fiscal year 2003. Without proper documentation, we were unable to determine that earmarking requirements were met.

Recommendation:

We recommend the Mississippi State Department of Health strengthen controls to ensure compliance with earmarking requirements for the Preventive Health and Health Services Block Grant. The agency should identify expenditures for services provided to victims of sexual offenses and rape prevention education to ensure earmarking requirements are met in accordance with federal regulations.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

SUBRECIPIENT MONITORING

Reportable Condition

93.991

Preventive Health and Health Services Block Grant

Federal Award Number and Year: BI-MS-PRVS, 2002 and 2003

03-24

Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

Federal Regulations (42 USC 300w-4c(7)) require the state to develop criteria to evaluate the effective performance of entities receiving Preventive Health and Health Services Block Grant (PHHS) funds. In order to ensure compliance with the federal regulations, the Mississippi State Department of Health prepared a memorandum stating an annual site visit would be performed at each rape prevention and crisis intervention program. Testwork performed to ensure these annual site visits were completed revealed three of the nine annual site visits for fiscal year 2003 had not been performed as of the January 4, 2004, date of fieldwork. We also noted the supervisory review of monitoring reports was not documented.

Good internal control procedures dictate a documented detail supervisory review of monitoring reports be performed to ensure reports are properly prepared and all required site visits were performed. Failure to maintain a proper system for monitoring subrecipients could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being detected in a timely manner.

Recommendation:

We recommend the Mississippi State Department of Health strengthen internal controls over subrecipient monitoring by implementing procedures to ensure all subrecipients of the Preventive Health and Health Services Block Grant are monitored for compliance with federal regulations at least once during the grant period. We further recommend the agency ensure supervisory review of monitoring reports is documented.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Immaterial Noncompliance

10.561 State Administrative Matching Grants for Food Stamp Program
93.558 Temporary Assistance for Needy Families

Federal Award Number and Year: Various
Questioned Costs: To be Determined

03-12 EBT Costs Should Be Properly Allocated

Finding:

At the Mississippi Department of Human Services, payments to individuals receiving benefits from the Food Stamps program and the Temporary Assistance for Needy Families (TANF) program are made through an electronic benefit transfer (EBT) system. During fiscal year 2003, payments were made to three contractors providing EBT support services to the agency. In our allowable costs/cost principles testwork, we noted payments to all three contractors were paid from and reported as expenditures of the State Administrative Matching Grants for Food Stamp Program grant, although some of the costs were attributable to the TANF program.

Discussion with agency personnel revealed some adjustments had already been made to allocate a portion of one of the contractor's costs from November 2002 to March 2003 to the TANF program. However, no action had been taken by the agency to allocate any costs to the TANF program for the other two contractors. According to cost principles outlined in Office of Management and Budget (OMB) Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, all activities benefitting from these costs should receive an appropriate allocation of the costs.

Recommendation:

We recommend the Mississippi Department of Human Services review all payments to contractors providing EBT support services since inception of the contracts, and allocate these costs to the appropriate federal programs.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HUMAN SERVICES

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.667

Social Services Block Grant

Federal Award Number and Year: G-0301MSSOSR, 2003

03-07

Controls over the Earmarking Requirement Should Be Strengthened

Finding:

Federal regulation 42USC 604(d)(3)(B) states that Social Services shall use funds transferred from the Temporary Assistance for Needy Families (TANF) program "only for programs and services to children or their families whose income is less than 200 percent of the income official poverty line". The Mississippi Department of Human Services - Division of Social Services Block Grant (SSBG) used TANF funds transferred to SSBG to fund a contract with the Division of Family and Children Services (FCS) in fiscal year 2003. SSBG did not specify in the contract agreement with FCS the special circumstances under which the grant funds could be utilized. FCS used the transferred TANF funds for payments to residential treatment facilities which provide programs and treatment to children who may or may not qualify under TANF guidelines.

Our review of the use of transferred TANF funds found that FCS did not identify those families served under the contract agreement whose income met the 200 percent of poverty guideline requirements. Failure to document and verify the restricted use of the TANF funds could result in questioned costs for the program. Without proper documentation of the families' income, we were unable to determine whether the families being served with the funds transferred from the TANF program were eligible based upon the income requirements and therefore could not determine questioned costs.

Recommendation:

We recommend the Mississippi Department of Human Services - Division of Social Services Block Grant (SSBG) specify in the contract agreement with the Division of Family and Children Services (FCS) the special circumstances under which the grant funds can be utilized. SSBG should also verify FCS is performing services in accordance with the contractual agreement.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: G-0201MSTANF, 2002

03-08

Competitive Procurement Practices Should Be Followed for the TANF Program

Finding:

The State of Mississippi was identified by the U.S. Department of Health and Human Services as one of several states not making the maximum use of the federal Temporary Assistance to Needy Families (TANF) funds that had been awarded to the state since the program's implementation. The Department of Human Services (DHS) administers the TANF grant for the State of Mississippi. In an effort to identify additional program areas for which the TANF funds could be utilized, the agency implemented six initiatives in state fiscal year 2003. These initiatives were to provide funds to groups/individuals interested in developing programs to assist needy families end their dependency on welfare. The six initiatives funded by the agency for fiscal year 2003 were:

- Families First Resource Centers;
- Adolescent Offender;
- Abstinence;
- Fatherhood;
- Intensive Youth Supervision; and
- Prevention/Intervention.

In six requests for proposals (RFP), the agency solicited proposals from interested parties for programs to implement the six initiatives. Proposals were due to the agency by September 13, 2002. The developed review process called for three reviewers to rank and score each proposal received based upon predetermined criteria established by the agency. Reviewers consisted of agency personnel from the state office, as well as county offices. The reviewers provided written comments (both positive and negative), checked a "Yes" or "No" line to indicate a recommendation for funding, and provided a numerical score between 1 and 100. The three scores for each proposal were averaged to determine a total ranking score. At the conclusion of the review process, a total of 87 proposals were approved by the agency for funding totaling over \$14,000,000.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Of the 87 proposals approved for funding, we selected 25 proposals to review the agency's adherence to the prescribed procedures for awarding funds. The following problems were noted:

- Three proposals approved for funding were from organizations with prior unresolved monitoring findings and questioned costs for programs with DHS. We also noted that current year monitoring of two of these subrecipients revealed findings and questioned costs.
- One proposal was approved by the agency for funding in which the score (61) given by the reviewers was less than the score (75 and above) indicated as a criteria for recommendation for proposers for this particular initiative. In addition, on the list of proposers recommended for funding for this initiative, the reason for funding this proposer was left blank. According to agency personnel, the funding of this organization was the executive director's decision. All other proposers listed had a score of 75 or above, and a reason for funding was indicated.

By funding proposals from subrecipients with unresolved findings and questioned costs, and funding proposals not meeting the established criteria, the agency appears to have undermined the competitive process of determining the best proposals to fund and could put the agency in jeopardy of incurring questioned costs due to poor performance by subrecipients.

In the prior year's audit finding on procurement practices, we noted three subrecipients were awarded \$1 million each, on a non-competitive basis, to administer the Family Mentoring program. We also noted that monitoring of these three subrecipients indicated initial questioned costs equaling a substantial portion of the award for all three. Currently, two of these subrecipients are part of an ongoing review by the Investigative Division of the Office of the State Auditor.

Recommendation:

We recommend the Mississippi Department of Human Services review procedures for determining funding for subrecipient proposals under the TANF initiatives. These procedures should include carefully following the guidelines and requirements established by the agency to ensure competitive procedures are employed in the funding of proposals. These procedures should also include carefully considering any unresolved monitoring findings and questioned costs, before awarding a new contract to a subrecipient.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>HUMAN SERVICES</u>
	REPORTING
	<i>Reportable Condition</i>
93.558	Temporary Assistance for Needy Families Federal Award Number and Year: G-0201MSTANF, 2002
03-10	<u>Controls Should Be Strengthened to Ensure Reports Are Properly Supported</u> <i>Finding:</i> The Mississippi Department of Human Services is required to file an annual report, Form ACF-204, which contains information on the Temporary Assistance for Needy Families (TANF) program and the State's maintenance of effort (MOE) programs for that year. Testwork performed on the fiscal year 2002 annual report revealed supporting documentation could not be provided for all data. Line 8 of the report requires the total number of families served under the program with MOE funds to be reported. This information must be provided for each benefit or service program for which the State has claimed MOE expenditures for the fiscal year. The agency was unable to provide supporting documentation for numbers on line 8 for each section of the report. Because supporting documentation was not maintained, we could not verify data included on line 8 of the report was correct. Good internal controls require supporting documentation be maintained for data included in the annual report. <i>Recommendation:</i> We recommend the Mississippi Department of Human Services strengthen controls by exercising greater care to ensure supporting documentation for all information on the TANF annual report is maintained.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal Award Number and Year: Various

03-11

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Finding:

Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient expending \$300,000 or more in federal awards during the subrecipient's fiscal year. The audits are due to the primary agency within nine months after the end of the subrecipient's fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

The Mississippi Department of Human Services provided \$300,000 or more of federal financial assistance to multiple subrecipients through a variety of federal programs during fiscal year 2001. Testwork performed during the fiscal year 2003 audit on subrecipient audits received and reviewed by the agency for subrecipient audit year 2001 revealed the following:

- For seven of 20 subrecipients tested, or 35 percent, we noted audit reports were not received by the agency within the nine-month deadline.
- For two of 20 subrecipients tested, or 10 percent, we noted the agency had not yet received an audit report as required from the subrecipient.
- For one of 20 subrecipients tested, or 5 percent, we noted the agency failed to respond to audit findings within six months of receipt of the audit report from the subrecipient.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely.

Recommendation:

While the agency does have a centralized system for receiving subrecipient audit reports, we recommend the Mississippi Department of Human Services strengthen controls to ensure subrecipient audit reports are received timely. The appropriate funding division within the agency should be notified of any subrecipient audit findings and should resolve these findings within six months of receipt of the report by the agency.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003

03-25

Controls Should Be Strengthened over the Calculation of Inpatient Hospital Per Diem Rates

Finding:

Section 4.19A of the Mississippi Medicaid State Plan (State Plan) provides the methodology which should be used by the Office of the Governor - Division of Medicaid when calculating the inpatient hospital per diem rates for Medicaid providers. We selected ten out of 197 Medicaid hospital providers in order to test controls over the calculation of the fiscal year 2003 inpatient hospital per diem rates. The following errors were noted:

- The inflation and trend factors, as prepared by the agency, were not computed from the same hospital input price index, or "market basket", in accordance with the State Plan. Failure to follow the State Plan resulted in errors in each of the ten inpatient hospital per diem rates we tested, causing an understatement in the hospital rates. Although the fiscal agent had entered the rates for fiscal year 2003 into the system, the fiscal agent had not yet reprocessed any claims related to these rates because the agency was in the process of implementing a new computer system.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

We noted that if the claims had been reprocessed, the error in the rates could have resulted in an estimated understatement of \$739,702 in inpatient hospital payments for the ten hospitals we tested. Because of the complexity of the calculations, it was not feasible for the auditor to recalculate the per diem rates for the other inpatient hospitals.

- For one inpatient hospital per diem rate tested, we noted the number of beds, days, and costs which affected the "Total Cost to Medicaid" and "Capital Costs" used on the hospital rate setting data sheets erroneously included costs from a geriatric psychiatric unit. The inpatient rate for the hospital involved was determined to have been overstated by approximately \$62. This error could have resulted in an estimated overstatement of \$308,729 in inpatient hospital payments if the fiscal agent had reprocessed claims for this hospital related to this rate.

We also noted there was no evidence of supervisory review of the calculation of the trend, inflation, wage factors and the labor percentages prepared by Bureau of Reimbursement which were used when preparing inpatient hospital per diem rates. Good internal controls require a supervisory review be performed on rate calculations to ensure errors are detected promptly.

Recommendation:

We recommend the Office of the Governor – Division of Medicaid strengthen controls over the calculation of inpatient hospital per diem rates to ensure the State Plan is followed when preparing the calculation of inflation and trend factors. A supervisory review should be performed on the rate factor calculations and documented by the initials of the reviewer. Also, the agency should ensure the desk review instructions are followed to ensure all inpatient hospital per diem rate calculations include only allowable costs. We further recommend the agency recalculate inpatient hospital per diem rates for fiscal year 2003 and reprocess the inpatient hospital claims using the corrected rates. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>MEDICAID</u>
	ALLOWABLE COSTS/COST PRINCIPLES
	<i>Reportable Condition</i>
93.778	Medical Assistance Program Federal Award Number and Year: 05-0305MS5028, 2003
03-26	<u>Controls over Provider Rate and Claims Adjustment Transmittals Should Be Improved</u> <i>Finding:</i> During our review of the "Rate and/or Claims Adjustment Transmittal Log" at the Office of the Governor - Division of Medicaid for fiscal year 2003, we noted adjustments were not logged as having been processed and returned by the fiscal agent in a timely manner. Of the 2,909 rate or claims adjustment transmittals logged as having been sent to the fiscal agent during the period January 1, 2002, to March 21, 2003, the following were noted: <ul style="list-style-type: none"> • 377, or 13 percent, had not been returned by the fiscal agent, as indicated by there being no "Date Returned" entered on the log. • 146, or five percent, had not been returned by the fiscal agent in a timely manner (within 90 days). <p>Prior to January 1, 2002 (the date when the contract with the new fiscal agent took effect), it had been the agency's practice to send a monthly memorandum to request the status of any rate or claims transmittals that were outstanding for 30 days or more. The fiscal agent would then submit a spreadsheet to the agency depicting the status associated with the claims transmittal memorandum. During the fiscal year 2003 audit, we noted that agency personnel were no longer sending a memorandum to the fiscal agent requesting the status of any transmittals that had been outstanding for 30 days or more. Without timely processing by the fiscal agent and proper monitoring by the agency, it is possible for the claims history to remain unadjusted for an unreasonable period of time resulting in over or under payments to providers.</p> <p><i>Recommendation:</i></p> <p>We recommend the Office of the Governor - Division of Medicaid improve internal controls to ensure provider rate and claims adjustment transmittals are processed and returned by the fiscal agent in a timely manner. We further recommend the agency follow up with the fiscal agent on the transmittals that have not yet been returned to ensure the adjustments are made by sending a monthly memorandum requesting the status of transmittals which have been outstanding for 30 days or more.</p>

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
Questioned Costs: \$83,406

03-28

Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Finding:

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor - Division of Medicaid. The service limits for two of the medical service types provided by the agency are as follows:

- Inpatient Hospital Days - Attachment 3.1 - A, Exhibit 1 of the State Plan sets a reimbursement limit of 30 inpatient days per fiscal year.
- Outpatient Hospital Visits - Attachment 3.1 - A, Exhibit 2 of the State Plan sets a reimbursement limit of six outpatient visits per fiscal year.

Per documentation in the Medicaid Management Information System (MMIS), there are computer edits which should ensure claims which exceed the service limits are not paid. We requested the agency run exception reports for the two service types above documenting all recipients whose paid claims exceeded the service limits for the period July 1, 2002, to June 30, 2003. These claims were processed on the Legacy system. It should be noted the agency implemented a new computer system, Envision, in October 2003. Our testwork on these reports revealed the following:

- We reviewed claims data for ten out of a listing of 27 recipients whose paid inpatient hospital days exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for all ten recipients. This resulted in an overpayment to providers of \$83,872, of which the federal share is \$64,770. The overpayment as projected to the population of 27 recipients is approximately \$106,293, of which the federal share is approximately \$82,085.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- We reviewed claims data for ten recipients out of a listing of 188 recipients whose paid outpatient hospital visits exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for eight of the recipients. This resulted in an overpayment to providers of \$1,710, of which the federal share is \$1,321. Due to the limited data provided on the report, we were unable to project the error to the population.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid determine the disposition of the claims listed on the exception reports and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes. We further recommend the agency run exception reports on the new Envision system and follow up on any exceptions noted in order to ensure the edits for service limits are working properly so that hospital claims will be paid in accordance with the State Plan.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
 Questioned Costs: \$43,295

03-29

Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

Finding:

The Mississippi Medicaid State Plan (State Plan) details the pharmacy service limit for prescriptions reimbursed each month. A total of seven prescriptions are allowed per month for each recipient. Five prescriptions are allowed on a monthly basis; however, a prior authorization should be obtained to extend benefits for up to two additional prescriptions per month. A computer edit in the Medicaid Management Information System (MMIS) should ensure the claims which exceed the service limits are denied.

We requested the Office of the Governor - Division of Medicaid run an exception report documenting all recipients whose paid claims contained seven or more prescriptions per month for the period July 1, 2002, through June 30, 2003. These claims were processed on the Legacy system. It should be noted the agency implemented a new computer system, Envision, in October 2003.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

We reviewed pharmacy claims data for 12 out of 610 recipients listed on the report. Testwork revealed three instances in which the MMIS allowed claims to be paid in excess of the set service limits without a prior authorization or valid policy exception. The payment of claims in excess of the service limits for the three recipients resulted in providers being overpaid by \$6,061, of which the federal share of is \$4,681. The overpayment as projected to the population of 610 recipients would be approximately \$56,063, of which the federal share is approximately \$43,295.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid determine the disposition of the claims listed on the exception report and make the appropriate adjustments to claims history. Documentation that adjustments were made should be maintained by the agency and provided to auditors for follow-up purposes. We further recommend the agency run exception reports on the new Envision system and follow up on any exceptions noted in order to ensure the edit for service limits is working properly so that claims will be paid in accordance with the State Plan.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
Questioned Costs: \$10,373

03-30

Agency Should Ensure Override Codes Are Valid and Ensure Amounts Reimbursed for Pharmacy Claims Are Correct

Finding:

The Mississippi Medicaid State Plan (State Plan) requires a generically equivalent drug be dispensed if at all possible. The pharmacy may override the generic drug being dispensed if the physician has asked for the prescription to be dispensed as written (brand drug), by entering an override code into the Medicaid Management Information System (MMIS). Per discussion with agency personnel, a computer edit was placed in operation in the MMIS on February 10, 2003, which required the pharmacy to enter a prior authorization code (provided by Medicaid), in addition to the override code, when dispensing a name brand drug instead of a generic drug.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

We requested the Office of the Governor - Division of Medicaid run an exception report documenting paid pharmacy claims for the period February 10, 2003, through June 30, 2003, for which the dispensing pharmacy had entered a code to override the dispensing of a generic drug. These claims were processed on the Legacy system. It should be noted the agency implemented a new computer system, Envision, in October 2003.

During our review of 14 out of 1,085 pharmacy claims which contained an override for the dispensing of a generic drug without a prior authorization code for the period February 10, 2003, through June 30, 2003, we noted the following:

- For seven claims, the MMIS allowed an override code to be entered by the pharmacy to dispense as written (brand drug) without a prior authorization code and without a valid policy exception.
- For these same seven claims, the MMIS did not pay the claim at the correct price. The State Plan requires payment for prescription drugs at the lower of the average wholesale price (AWP) minus twelve percent, or federally mandated upper limit (federal MAC). For the seven claims, the amount paid to the provider was AWP less twelve percent which was higher than the federal MAC price. This resulted in overpayments to providers of \$1,032, of which the federal share is \$797. The overpayment as projected to the population of 1,085 claims is approximately \$13,430, of which the federal share is approximately \$10,373.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid determine the disposition of the claims listed on the exception report and make the appropriate adjustments to claims history. Documentation that adjustments were made should be maintained by the agency and provided to the auditors for follow-up purposes. We further recommend the agency run exception reports on the new Envision system and follow up on any exceptions noted in order to ensure the computer system is correctly requiring prior authorization in order for the pharmacy providers to override the dispensing of generic drugs. The agency should also ensure the computer system is computing the payment for pharmacy claims in accordance with the State Plan.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>MEDICAID</u>
	ALLOWABLE COSTS/COST PRINCIPLES
	<i>Immaterial Noncompliance</i>
93.778	Medical Assistance Program Federal Award Number and Year: 05-0305MS5028, 2003 Questioned Costs: unknown
03-31	<u>Agency Should Ensure Claims Are Adjusted for Rate Changes and Fee Schedule Updates</u> <i>Finding:</i> Reimbursements for clinic services provided by the State Department of Health are made at an encounter rate determined by the Office of the Governor - Division of Medicaid from a cost report. The encounter rate for fiscal year 2003 was submitted to the Department of Health on May 8, 2003, along with a request to the fiscal agent to change the rate and reprocess claims history. During our review of ten physician claims, we noted one physician claim paid to the Department of Health was paid at the prior year encounter rate. A copy of the letter to the fiscal agent requesting the rate change and reprocessing of claims was stamped as completed by the fiscal agent on June 11, 2003; however, the claims history as of April 16, 2004, did not reflect the claim had been reprocessed to correct the payment. We also noted during our review of ten outpatient claims that one claim contained a procedure code which was not paid at the correct rate per the physician fee schedule update which was effective July 1, 2002. Per review of documentation obtained from the fiscal agent, the procedure code involved was correctly identified by the fiscal agent for reprocessing which the fiscal agent stated occurred between June 24, 2003, and July 21, 2003. However, further discussion with the fiscal agent revealed the reprocessing was only for claims submitted on a CMS - 1500 Health Insurance Claim Form (non - institutional entities); therefore, not all claims containing the procedure codes were identified for reprocessing. The claim reviewed was submitted on a UB-92 HCFA - 1450 hospital claim form. The claims history as of April 16, 2004, did not reflect the claim had been reprocessed to correct the payment. Due to the complexity of determining all claims paid to the State Department of Health which used the prior year encounter rate and determining all UB-92 HCFA - 1450 claims which should have been reprocessed using the updated physician fee schedule, we did not determine the amount of questioned costs. It is projected that total questioned costs in the population would be greater than \$10,000.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure the fiscal agent appropriately adjust the claims history for the State Department of Health. We further recommend the agency ensure the claims history be adjusted for all claims involving the procedure codes identified for reprocessing from the physician fee schedule update effective July 1, 2002. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

MEDICAID

CASH MANAGEMENT

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: Various

03-27

Controls Should Be Strengthened over Federal Cash Draws for Administrative Expenditures

Finding:

During our review of federal cash draws for administrative expenditures at the Office of the Governor - Division of Medicaid, we noted the agency was drawing federal funds each month for administrative expenditures in the amount of one-third of the quarterly administrative allotment regardless of the amount of expenditures actually incurred. The federal funding allotment for administrative expenditures is based upon estimates of future cash needs prepared by the Division of Medicaid and submitted to the federal grantor agency. As a result of the estimates and subsequent draws significantly exceeding actual cash outlays for administrative expenditures, the Division of Medicaid drew administrative federal funds in excess of actual and immediate cash needs throughout fiscal year 2003. The amount of federal funds drawn in excess of actual expenditures totaled approximately \$10,319,000 at June 30, 2003. When this matter was brought to the attention of management, action was taken to reduce subsequent federal administrative draws.

The *Code of Federal Regulations* (31 CFR 205.11) states, "A State and a Federal Program Agency must limit the amount of funds transferred to the minimum required to meet a State's actual and immediate cash needs." The *Code of Federal Regulations* (31 CFR 205.23) also states, "The State must ensure that the estimate reasonably represents the flow of Federal funds under the Federal assistance program."

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Per our discussion with agency personnel and our review of the accounting records, the excess federal funds which were drawn were used to meet the state match on claims payments. Good internal controls dictate reviews be performed on estimates to ensure they are reasonable. Failure to follow the federal regulations as noted above could affect the agency's future federal funding and could result in an interest liability owed to the federal grantor agency.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls to ensure a review is performed on estimates of administrative expenses used to obtain federal funding to ensure they reasonably project the future cash needs of the agency. If the agency determines an estimate was overstated, they should ensure the amount is adjusted promptly through a subsequent draw. We further recommend the agency contact the federal grantor agency for a determination of any interest owed back to the federal government as a result of these excessive cash draws.

MEDICAID

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Immaterial Noncompliance

93.767

State Children's Insurance Program (SCHIP)

Federal Award Number and Year: 9905MS5021, 2003

Questioned Costs: \$240,029

03-32

Agency Should Ensure Federal Funds Are Used Within the Period of Availability

Finding:

During testwork on the federal fiscal year 2000 State Children's Insurance Program (SCHIP) grant at the Office of the Governor - Division of Medicaid, we noted one instance in which the agency drew federal funds in the amount of \$240,029 related to expenditures which were incurred after the period of availability had ended. The *Code of Federal Regulations* (42 CFR 457.610) states "... The amount of a final allotment for a fiscal year... remains available until expended for Federal payments based on expenditures claimed during a 3-year period of availability, beginning with the fiscal year of the final allotment and ending with the end of the second fiscal year following the fiscal year." The Office of the Governor - Division of Medicaid requested reimbursement of federal funds for expenditures which were incurred after the period of availability had ended in the amount of \$240,029. Noncompliance with period of availability requirements could affect future federal funding.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (Concluded)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure reimbursements are not requested for expenditures incurred after the period of availability has ended. We further recommend the agency contact the federal grantor agency to determine the necessary corrective action regarding this \$240,029 draw.

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II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. "Fully Corrected" - All corrective action has been taken.
 - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
 - c. "Not Corrected" - Corrective action has not been taken.
 - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
 - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003

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01-09 *c	Rehabilitation Services	123
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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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02-21 *d	Finance and Administration	109
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02-23 *c	Rehabilitation Services	123
02-24	Education	107

*a Even though the agency indicates the finding was fully corrected, a similar condition existed in fiscal year 2003, and a finding was written to address the condition.

*b Even though the agency indicates the finding was partially corrected, an agreement with the U.S. Department of Health and Human Services has now been signed, and this finding has been resolved.

*c Even though the agency indicates the finding was partially corrected, our testwork did not reveal any problems, and a finding was not considered necessary in fiscal year 2003.

*d Even though the agency indicates the finding was partially corrected, a finding was not written in fiscal year 2003 to address the condition as information has been submitted to the U.S. Department of Health and Human Services (USDHHS) and is pending resolution by USDHHS.

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003

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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Henry L. Johnson
State Superintendent of Education

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003**

02-24 Controls Should Be Strengthened to Ensure Proper Determination of Obligation Date of Grant Expenditures

CFDA #84.027

Special Education - Grants to States

CFDA #84.173

Special Education - Preschool Grants

FULLY CORRECTED

Signed: _____

Henry L. Johnson

Henry L. Johnson, State Superintendent of Education

Date: _____

1/23/04

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STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION

MARGARET H. HILL
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

02-21 Transfers from Self-Insurance Funds Should Not Include Federal Funds

93-UN Various

Partially Corrected

A survey was developed and mailed to all state agencies receiving federal funds to gather information on the revenue source of payments made into the Workers' Compensation Trust Fund and the Tort Claims Fund during Fiscal Year 2002. The results of this survey have been compiled and will be submitted to the U.S. Department of Health and Human Services shortly. It is still anticipated that there will be a negotiation process during which a determination will be made of any refunds required by the federal government.

Signed: Margaret H. Hill
Margaret H. Hill
Executive Director

Date: 9/17/03

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

February 2, 2004

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956
Attn: Rob Robertson

Dear Mr. Robertson:

Pursuant to your request the following provides the Schedule of Prior Year Findings for the Department of Health for the Year Ended June 30, 2003. The original response to the findings was contained in our letter to Phil Bryant, State Auditor, dated February 26, 2003.

01-01 Controls over Federal Reports Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

A supervisory review is performed to ensure the accuracy of federal reports.

01-02 Controls Should Be Strengthened Over Supervisory Review of Federal Reports Prior to Submission

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

An additional review by the immediate supervisor of the individual completing the report has been implemented.

01-03 Controls Should Be Strengthened to Ensure Special Reports are Accurate, Complete, and Properly Supported

CFDA#93.994 Maternal and Child Health Services Block Grant to the States

FULLY CORRECTED

See explanation for finding 02-07 below.

Brian W. Amy, MD, MHA, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7634 • Fax 601/576-7931 • www.msdh.state.ms.us

Equal Opportunity In Employment/Services

02-01 Control over Network Security Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

Site backups are set as automatic from the central office. Only one login per user throughout the network is needed because of group access.

02-02 Data Backup Procedures Should Be Followed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

Field Staff are responsible for the insert of the daily backup tape. The process has been set as automatic from the central office. Help Desk staff will continue to monitor the process. If errors on tape, tape not found or the status is unknown, the sites are contacted for further research.

02-03 Control over Data Security Should Be Strengthen

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

NOT CORRECTED

Technical staff are in the process of documenting and/or correcting deficiency, as noted.

02-04 Computer Logs of Computer Viruses Should Be Maintained and Reviewed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

Technical support staff have implemented virus control and log.

02-05 Computer System Policies and Procedures Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

NOT CORRECTED

We are in the process of reviewing and developing policies and procedures.

02-06 Controls Over Earmarking Requirements Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

NOT CORRECTED

The State Department of Health will separately identify expenditures for services provided to victims of sexual offenses and rape prevention education to ensure earmarking requirements are met.

02-07 Controls Should Be Strengthened to Ensure Reports Are Properly Supported

CFDA#93.994 Maternal and Child Health Services Block Grant to the States

FULLY CORRECTED

Form 5

The estimates use a set percentage of the total MCH program budget/expenditures for each of the specified categories. The percentages are based on examination of the much smaller and easier to analyze Children's Medical Program, which we believe mirrors the overall MCH program on a smaller scale. The percentages are as follows:

I.	Direct Health Care Services	54%
II.	Enabling Services	5%
III.	Population-Based Services	8%
IV.	Infrastructure Building Services	33%

Form 7

The Children's Medical Program (CMP) requires each of the contractors to provide quarterly reports on the number of Title V Children with Special Health Care Needs CSHCN (unduplicated) served for the contract year.

Form 8

Starting in FY 2004 grant proposal, the Division of Medicaid provided special reports that now have enabled MSDH to report deliveries and infants eligible for Title XIX by race and ethnicity.

02-08 Controls Should Be Strengthened over Supervisory Review of Federal Reports Prior to Submission

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

The Financial Director for the Office of Health Services provides supervisory review of the federal reports prior to submission.

02-09 Controls Over Subrecipient Monitoring Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

PARTIALLY CORRECTED

A calendar of site visits was developed and maintained by the Director of Women's Health, however, of the nine Rape Crisis Centers funded, only four received a site visit. The Domestic Violence and Rape Crisis Programs are monitored by one staff person who is responsible for all contracts. A calendar to complete 100% of site visits for current fiscal year has been developed and submitted to the supervisor.

Sincerely,

A handwritten signature in black ink that reads "Brian W. Amy MD". The signature is written in a cursive, flowing style.

Brian W. Amy, MD, MHA, MPH
State Health Officer

BWA/ckb



STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
THELMA W. BRITTAIN
EXECUTIVE DIRECTOR

September 30, 2003

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are our responses and corrective action plans to the prior year audits for the years 2001 and 2002.

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

01-19 Controls over Reporting Should Be Strengthened

93.658 Foster Care - Title IV-E

PARTIALLY CORRECTED

We are still waiting for final verifications of the Office of Inspector General's disallowance to adjust current accounting records.

01-20 Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care Development Fund

93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund
93.658 Foster Care - Title IV-E

FULLY CORRECTED

01-21 Controls Should Be Strengthened Over Subrecipient Monitoring

93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund

FULLY CORRECTED

01-22 Monitoring Staff Should Be Adequately Trained

93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund

FULLY CORRECTED

02-10 Controls Should be Strengthened Over Allowable Costs

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

02-11 Controls over Allowable Costs Should Be Strengthened

93.667 Social Services Block Grant

PARTIALLY CORRECTED

The proper steps are being made to adhere to the recommendations of the auditors. It is noted that SSBG handles all forms, including all Requests for Cash, within 24 hours of receipt. The time frame referenced in the finding does not reflect the amount of time needed to process nor mailing of the funds, which is not handled in our division. Current needs/cash advance and cost reimbursement methods have been defined and will be included in the next revision of the Subgrantee Manual. Also, each subgrantee has been notified of non-compliance in regards to submission of the Reporting Worksheets by the tenth day of the following calendar month as required in MDHS's Subgrantee Manual, Sec 5, Pg. 17. Efforts are being made to bring each subgrantee to compliance.

02-12 Controls over the Earmarking Requirement Should Be Strengthened

93.667 Social Services Block Grant

FULLY CORRECTED

02-13 Competitive Procurement Practices Should be Followed for the TANF Program

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

02-14 Controls over Reporting Should Be Strengthened

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

02-15 Control Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

10.551 Food Stamps

Phil Bryant
September 30, 2003
Page 4

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

FULLY CORRECTED

02-16 Controls Over Subrecipient Monitoring Should Be Strengthened

10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

FULLY CORRECTED

We appreciate the courtesy and professionalism demonstrated by Tonya Bierman and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Peter Boulette of the Division of Budgets and Accounting at 601-359-4665.

Sincerely,



Thelma W. Brittain
Executive Director
September 30, 2003

TWB:PB:klm

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

Medicaid

02-19 Procedures Should Be Implemented to Ensure Audits of Long-Term Care Facility Cost Reports are Performed in Accordance with the State Plan

93.778 Medical Assistance Program

CORRECTED

Reports for all 1998 reviews have been issued. We are waiting for a date for an Administrative Hearing on Millcreek.

All of the CY 1999 reviews and the final reports for them and been completed. The final report for Delta Manor has not been has referred to Kenny O'Neal in the Attorney General's Fraud Unit as requested. Several 1999 reviews are in the appeals process.

The reports for Sharp Family Care Center for 1997, 1998, and 1999 were issued; however, an Administrative Hearing has been granted.

The Division has submitted a state plan amendment to change the annual audit schedule. The number of audits to be conducted each year will be determined by the Division and will not be based on an arbitrary percentage as is currently the case.

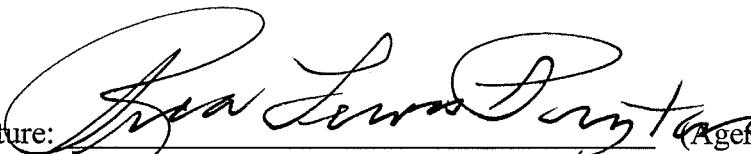
The reviews for CY 2000 are not due to be completed until May 31, 2004. The specific number of audits for CY 2000 will be determined when the state plan amendment is approved. Seventeen reviews for CY 2000 are in progress. Fieldwork has been completed on seven nursing facility reviews and one FQHC review. Documentation has been received for one additional nursing facility review, and fieldwork for this review is scheduled to begin on December 8, 2003. Documentation has been requested for one nursing home review but has not been received at this time. Notification letters have been sent to six nursing homes and one management company. No reports have been issued at this time.

02-20 Controls Should be Strengthened to Ensure Long-Term Care Facility Rates Are Adjusted Timely after Audit Reports Are Issued

PARTIALLY CORRECTED

We have strengthened controls by training 3 additional staff to prepare rate

adjustments. The agency continues its policy to adjust payments found to be made in error. Documentation has been made available to the auditors for all outstanding requests.

Signature:  (Agency Head)
Rica Lewis-Payton, Executive Director

Date: December 8, 2003



STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
J. STEPHEN HALE
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

01-27 Internal Controls over Reviews of Requests for Cash Should be Strengthened

14.239 HOME Investment Partnerships Program

FULLY CORRECTED

02-17 Internal Controls Over Reporting Should be Strengthened

14.239 HOME Investment Partnerships Program

FULLY CORRECTED

02-18 Internal Controls Should be Strengthened Over On-Site Inspections

14.239 HOME Investment Partnerships Program

FULLY CORRECTED

Signed: Lynda Dutton
Lynda Dutton, Comptroller

Dated: 11/14/03

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Mississippi Department of Rehabilitation Services

Providing the freedom to live

Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2003

01-09 Internal Controls over Annual Reviews of IPE's Should Be Strengthened

CFDA # 84.126

Rehabilitation Services – Vocational Rehabilitation Grants
to States

PARTIALLY CORRECTED

In our agency responses from the fiscal year 2002 Single Audit, we stated in our corrective action plan that:

1. A memo from the Director of the Office of Vocational Rehabilitation will go to all VR staff addressing this issue.
2. The agency Quality Assurance Division will be utilized to help monitor cases for this area.
3. Agency training on casework will include annual reviews of IPE's.
4. District Managers will be instructed to address this issue in District meetings.

Although we have made every effort to inform and train staff members to ensure Annual Reviews are performed, there may be a limited number of instances where an annual review cannot be performed due to such situations where a client cannot be located or do to some other legitimate reason. If such a situation occurs, staff members have been instructed to document the reason why a respective annual review has not been performed. Therefore, based on the possibility of the situation above occurring we have chosen to report our response as "partially corrected".

01-29

02-23 Reported Expenditures for State Match Should Agree to Accounting Records

CFDA # 84.126

Rehabilitation Services – Vocational Rehabilitation Grants
to States

PARTIALLY CORRECTED

A review was performed and changes were made regarding the transferring of the nonfederal share of expenditures from our 3000 to our 2000 funds or our Health Care

1281 Hwy 51 N. Madison MS 39110 • P.O. Box 1698 Jackson MS • 601-853-5100 (Voice or TDD)

Expendable funds. Procedures were added which included a monthly review of our transfers made throughout each respective month. This review is being performed in conjunction with our preparation of the monthly Cash Worksheets with any transfers not made during a respective month being made after verification/approval of the Cash Worksheets by supervisory personnel.

In reviewing federal fiscal year 2002's transfers from our 3000 funds to our 2000 funds, we feel that the auditors should have no problem documenting that the required state match was in place by the required time frame. However, we did note that per the FSR-269 report for the period ended September 30, 2003, we reported an overmatch of expenditures related to the 2002 grant year. A portion of this overmatch reported, although in place, was not transferred to our 2000 funds within the specified time frame. Although a portion of the overmatch was not made within the specified time frame, we feel that additional documentation can be provided to the auditors, which should clarify this instance in which we hope that the auditors can properly base their conclusion.

Signed:



H.S. McMillan, Executive Director

Date:

12/30/2003

**OFFICE OF
STATE AID ROAD CONSTRUCTION**

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

P.O. Box 1850

JACKSON, MISSISSIPPI 39215-1850

J. Brooks Miller, Sr., P.E.
State Aid Engineer
Telephone 359-7150

412 Woodrow Wilson Dr.
Jackson, Mississippi 39216
Fax 359-7141

January 8, 2004

Schedule of Prior Federal Audit Findings
For the Year Ended June 30, 2003

01-07 Internal Controls over Sampling and Testing of Materials Should Be Strengthened

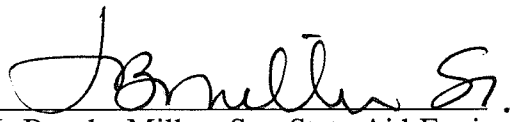
20.205 Highway Planning and Construction

Partially Corrected

The State Aid District Engineers were notified that all projects should be closely monitored to ensure that all required tests are performed. A notification was sent to all County Engineers to remind them that they are responsible for performing tests as required by the Office of State Aid Road Construction Standard Operating Procedures. We are in the process of updating our Standard Operating Procedures and Specification Book to more clearly outline the requirements for sampling and testing of materials. These updates should be completed and the books distributed in FY'04. This will assist in strengthening our internal control over these items.

The State Aid District Engineers are responsible for ensuring that copies of all required tests are submitted for projects in their district. The file clerks are responsible for filing the reports in each project folder. Internal audits are now being conducted by the file room manager to measure accuracy in the filing system. The audits have shown significant improvements. The corrective plan of action was started on January 2, 2001.

Signed



J. Brooks Miller, Sr., State Aid Engineer

Date

1-8-04

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**MISSISSIPPI
DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS**

SAM POLLES, Ph.D.
Executive Director
September 18, 2003

SINGLE AUDIT FINDINGS

Honorable Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
501 North West Street Suite 801
Jackson, MS 39205-0956

Dear Mr. Bryant:

We are in receipt of the single audit finding and recommendation for the Department of Wildlife, Fisheries and Parks for fiscal year 2003.

The audit of selected accounts disclosed the following reportable condition that the department has corrected:

15.605-Sportsfish Restoration
15.611-Wildlife Restoration

FULLY CORRECTED

02-22 Internal Controls Should Be Strengthened over Reporting

On July 1, 2002, Fiscal Year 2003, the department implemented a state wide electronic license/permit sale system which includes programing to identify duplicate license/permit holders. Pursuant to the *Code of Federal Regulations* (50 CFR 80.3) the department will provide annually, accurate license/permit holder certification eliminating all duplicates. This finding has been fully corrected.

We would like to thank your audit staff for their professional approach to this review process. We consider this input beneficial to the agency's cash management process. Please contact me for any additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sam G. Polles", is written over a horizontal line.

Sam G. Polles, Ph. D.
Executive Director

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III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



STATE OF MISSISSIPPI

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS FOR THE YEAR ENDED JUNE 30, 2003

Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Henry L. Johnson
State Superintendent of Education

SINGLE AUDIT FINDINGS

March 15, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your February 25, 2004, correspondence, the Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2003:

AUDIT FINDING:

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Matching, Level of Effort, Earmarking

03-14 Controls over the Earmarking Requirement Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Special Education, has strengthened controls over the earmarking requirement by generating centrally located files for documentation related to allocations to Local Education Agencies (LEAs). Also, a requirement that electronic files be stored on an established central storage space accessible to staff involved with LEA allocations has been implemented.

Documentation related to FY '03 Special Education – Part B allocations to LEAs has been recovered. The Office of Special Education will continue its efforts to locate documentation related to FY '03 Special Education – Preschool allocations to LEAs. If the documentation is not recovered, it will be recreated for historical and audit purposes.

B. Name of the contact person responsible for corrective action:

Paulette White, Director
Bureau of Program Management and Support Services
Office of Special Education

C. Anticipated completion date for corrective action:

Filing requirements for allocation documentation were implemented in February, 2004. All documentation related to FY '03 allocations to LEAs not yet recovered will be recreated by May 31, 2004.

84.298 Innovative Education Program Strategies – Title V

Matching, Level of Effort, Earmarking

03-15 Allocations to Local Education Agencies Should Be Properly Calculated

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

To ensure the accuracy of Title V allocations to Local Education Agencies (LEAs) the Mississippi Department of Education, Office of Innovative Support, will properly maintain supporting documentation of private school enrollment data, improve the segregation of duties related to the calculation of LEA allocations, and strengthen supervisory review procedures over the allocation process.

The Office of Innovative Support will continue its established data collection procedures to ensure that private school enrollment data is obtained from all LEAs participating in the Title V Program. To ensure the data collected is properly maintained, supporting documentation will be placed in the main school

district file and a copy will be placed in the site contact file. Program staff will be responsible for proper filing of documentation. The program director will ensure that all necessary and required data is obtained and maintained.

Entry of data into the spreadsheet used to calculate Title V allocations will be completed by designated program staff. All data entry will then be subjected to a thorough review by a program supervisor. The program director will ensure all necessary and required procedures are performed. Supervisory reviews will be documented.

In regards to problems noted with the measurement and ranking of student population sparsity, the Office of Innovative Support is in the process of revising the methodology for calculating high cost allocations to include an appropriate measure for which data is more readily available.

The Office of Innovative Support will recalculate the 2002 Title V grant allocations using corrected data inputs to determine the effects of errors made on a district-by-district basis. Based on the results and pending guidance from the U.S. Department of Education, a determination will be made on whether subsequent Title V allocations should be adjusted to compensate for the incorrectly calculated 2002 grant allocations.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

July 1, 2004

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Matching, Level of Effort, Earmarking

03-16 Controls Should Be Strengthened to Ensure Compliance with Earmarking Requirements

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

Currently there are procedures in place in the Office of Special Education to monitor program budgets and these procedures will be strengthened immediately. The program director will verify that earmarking allotments have been input correctly into the accounting system at the beginning of the grant period. On a periodic basis a comparison will be made between these budgeted allotments and actual expenditures-to-date to ensure maximum spending limits are not exceeded and that minimum expenditure levels are reached. To evidence this process the program director will initial the budget printouts and other supporting documentation reviewed.

In addition, the Office of Special Education will review the expenditures of the 2000 Special Education – Part B grant to determine if adjustments are needed and can be made. For the 2002 Special Education – Preschool grant, the earmarking allotment budgeted in the accounting system for administration will be corrected immediately.

B. Name of the contact person responsible for corrective action:


Paulette White, Director
Bureau of Program Management and Support Services
Office of Special Education

C. Anticipated completion date for corrective action:

April 30, 2004

Should you have additional questions, do not hesitate to contact me.

Sincerely,


Henry L. Johnson
State Superintendent of Education



Mississippi Employment Security Commission

Curtis C. Thompson
Executive Director

Sue Wright, Commissioner
Lucedale

George E. Powell, Chairman
Byhalia

James H. Finley, Commissioner
Brandon

FINANCIAL AUDIT FINDINGS

February 18, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Please find enclosed the Mississippi Employment Security Commission's response and plan for corrective action regarding the financial audit findings for Fiscal Year 2003. We are pleased that the reportable condition is not considered a material weakness.

AUDIT FINDING:

03-06 Controls over the Calculation of the General Experience Rate Should Be Strengthened to Ensure Accuracy

RESPONSE:

We concur with this finding.

CORRECTIVE ACTION PLAN:

The MESC tax rate program was reviewed and rewritten to reduce the amount of manual interventions required. The MESC also assigned supervisory personnel to review rates before they are released to the public. The Information Systems Department (ISD) will compute tax rates and provide summary information for the UI Tax Department to review. The UI Tax Department will give written notice to the ISD indicating rates. Once approved by UI Tax in writing, the ISD will then create rate letters for mailing to employers. For further information regarding the computation of the tax rate, please contact Dale Smith, UI Interim Director at 601-961-7759. Corrective action has been taken and is in effect at the date of this letter.

Should you need additional information concerning the Response or Corrective Action Plan, please feel free to contact Freddie M. Phillips, Director Administration and Services at 961-7600.

Sincerely,

Curtis C. Thompson
Executive Director

FMP/chg

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

May 7, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the Single Audit Findings contained in your letter dated April 15, 2004, for the Fiscal Year 2003 Audit:

AUDIT FINDINGS:

ACTIVITIES ALLOWED OR UNALLOWED

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-17 Computer System Policies and Procedures Should Be Developed

Response:

We concur with the finding.

Corrective Action Plan:

The Software Support team leader will be responsible for developing policies and procedures for the management of development, testing, quality assurance, training, and production environment migration. These procedures will be developed and implemented by December 31, 2004.

Brian W. Amy, MD, MHA, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7634 • Fax 601/576-7931 • www.msdh.state.ms.us

Equal Opportunity In Employment/Services

ACTIVITIES ALLOWED OR UNALLOWED

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-18 Controls over Data Security Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

The Software Support team leader will be responsible for insuring this is done and will give the information to the lead network administrator to ensure proper network security is given. Security for the application is the responsibility of the lead software support person.

ACTIVITIES ALLOWED OR UNALLOWED

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-19 Edits for the Social Security Number Data Field Should Be Developed

Response:

We concur with the finding.

Corrective Action Plan:

MSDH will establish processes to audit social security number data. This will occur outside the MWITS application due to the limitation of the application. MSDH will be working with Department of Human Services and the Social Security Administration to implement these checks. Procedures will be developed to review checks and eliminate incorrect social security numbers.

ALLOWABLE COSTS/COST PRINCIPLES

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2003

03-20 Personnel Costs Should Be Properly Charged to Federal Program

Response:

We concur with the finding.

Corrective Action Plan:

Internal controls have been strengthened to ensure the time study and salaries charged to the WIC program are reconciled on a quarterly basis. Adjustments will be made periodically to ensure the program is charged only for the time documented as spent on the program activities. The time study is being evaluated to ensure individuals properly record their time to the program and specific problems noted with the time study reporting deficiencies rectified.

CASH MANAGEMENT

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2001, 2002 and 2003

03-21 Controls over Cash Management Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

Adequate controls have been put into place to ensure amounts in excess of effort put forth for the federal program are not drawn down.

MATCHING, LEVEL OF EFFORT, EARMARKING

93.991 Preventative Health and Health Services Block Grant

Federal Award Number and Year: BI-MS-PRVS, 2002

03-22 Controls Over Earmarking Requirements Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

The agency has notified contractors receiving funding from the Preventive Health and Health Services Block Grant on services to victims of sexual offences and rape prevention education that expenditures related to these areas must be reported separately. Upon reporting these costs, the agency will maintain this information separately to be reported to the federal program.

REPORTING

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: 5MS700704, 2002

03-23 Controls Over Reporting Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

The Accounting Auditor II will complete the WIC Financial Management and Participation Report (FNS-798), the Accounting Auditor III will review it for accuracy and the Office of Health Services Financial Director will do a final review and sign to ensure that documentation is complete and accurate.

Mr. Bryant
May 7, 2004
Page 5

SUBRECIPIENT MONITORING

93.991 Preventative Health and Health Services Block Grant

Federal Award Number and Year: BI-MS-PRVS, 2002 and 2003

03-24 Controls Over Subrecipient Monitoring Should Be Strengthened

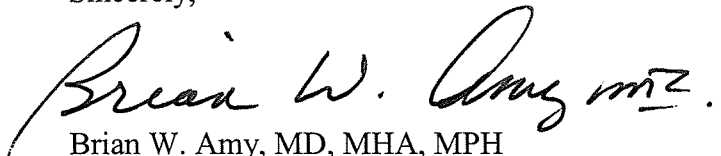
Response:

We concur with the finding.

Corrective Action Plan:

The MSDH has reviewed and enhanced its internal controls over subrecipient monitoring. The three monitoring site visits omitted in fiscal year 2003 have been completed. A copy of the proposed scheduled annual visits will be prepared and presented to the supervisor to ensure compliance with federal regulations. All annual monitoring reports will continue to be reviewed by the supervisor. The supervisor will sign off on all of the monitoring site report findings prior to submission to the subgrantees.

Sincerely,

A handwritten signature in black ink that reads "Brian W. Amy MD, MPH". The signature is written in a cursive, flowing style.

Brian W. Amy, MD, MHA, MPH
State Health Officer

BWA/mej

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STATE OF MISSISSIPPI
HALEY REEVES BARBOUR, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
DONALD R. TAYLOR
EXECUTIVE DIRECTOR

March 5, 2004

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are our responses and corrective action plans to the Single Audit as outlined in the Department of Human Services audit performed for the year 2003.

AUDIT FINDINGS:

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.667 Social Services Block Grant

Federal Award Number and Year: G-0301MSSOSR, 2003

3-07 Controls over the Earmarking Requirement Should Be Strengthened

Response:

We concur with this finding and will make the appropriate changes necessary for compliance in regards to recommendations provided by the Office of the State Auditor.

Corrective Action Plan:

Notification of the specifications of the special circumstances for utilization of TANF funds have been given to the Division of Family and Children's Services. A memorandum is attached verifying the corrective action. Verification is in the process with monitored visits being scheduled within the current fiscal year.

PROCUREMENT and SUSPENSION and DEBARMENT

Reportable Condition

93.558 Temporary Assistance for Needy Families

Federal Award Number and Year: G-0201MSTANF, 2002

03-08 Competitive Procurement Practices Should be Followed for the TANF Program

Response:

The Agency procedures as written were adequate, but were not followed in these instances. The programmatic division made a decision based on prior experience with

the subgrantee which superceded previous audit findings. In some cases, audit findings were not available when the subgrants were awarded due to the backlog in the Monitoring Unit. The funding of a proposer with an unacceptable score was the decision of the executive director of the agency at the time.

Corrective Action Plan:

Corrective action measures have been put in place. Procedures have been reviewed and strengthened to ensure that no subgrants are approved prior to verification of audit findings. Sign-off by monitors is required to substantiate the subgrantee has no unresolved monitoring findings. In the event of future subgrant funding, the current executive director will ensure that all procedures have been followed prior to approval of any subgrant. The contact person for this corrective action is Pam Simpson, Director, Division of Economic Assistance.

REPORTING

Reportable Condition

10.561 State Administrative Matching Grants for Food Stamp Program

Federal Award Number and Year: 5MS400405, 2003
5MS400415, 2003

03-09 Controls over Food Stamp Program Reporting Should Be Strengthened

Response:

MDHS was made aware of the error by the State Auditor's Office. The report was corrected immediately. The report had not been certified by USDA, so the online submission was accurate.

Corrective Action Plan:

The agency currently prints a copy of the online submission of the 269. The new procedure will require that these copies be reviewed and compared to the hard copy of the 269, which is approved prior to submission of the online 269. The reviewing supervisor will sign copies acknowledging accuracy.

REPORTING

Reportable Condition

93.558 Temporary Assistance for Needy Families

Federal Award Number and Year: G0201MSTANF, 2002

03-10 Controls Should be Strengthened to Ensure Reports are Properly Supported

Response:

The Agency concurs with the finding that the information needed was not available.

Corrective Action Plan:

Corrective action measures have been taken. Safeguards are in place to ensure documentation is maintained and that the information can be reproduced. The ACF-203 for FY 2003 was properly documented and supporting documentation was included for all data. The contact person for this corrective action is Pam Simpson, Director, Division of Economic Assistance.

SUBRECIPIENT MONITORING

Reportable Condition

10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal Award Number and Year: Various

03-11 Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Response:

The Agency concurs with the finding.

Corrective Action Plan:

A. Specific Steps to be Taken to Correct the Situation:

- The agency has begun strengthening the controls to ensure subrecipient audit reports are received timely. The responsible funding division will be notified of any audit findings. In addition, the executive director's office will be supplied a copy. These procedures will be implemented for FY2003 subrecipient audits and should be completed by June 30, 2004. The responsible person for the corrective action plan is Hattie Armstrong, Director, Bureau of Audit and Evaluation.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

10.561 State Administrative Matching Grants for Food Stamp Program
93.558 Temporary Assistance for Needy Families

Federal Award Number and Year: Various
Questioned Costs: To be Determined

03-12 EBT Costs Should Be Properly Allocated

Response:

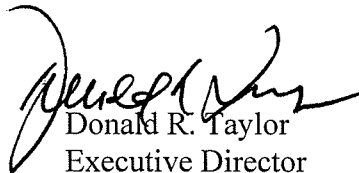
MDHS acknowledges that payments were not allocated between the Food Stamp and TANF programs.

Corrective Action Plan:

MDHS has begun identifying all prior payments to allocate between the two programs. All future payments will be split between the two programs. The contact person for the contract is Pam Simpson, Director, Division of Economic Assistance.

We appreciate the courtesy and professionalism demonstrated by Tonya Bierman and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Brian Daniel of the Division of Budgets and Accounting at 601-359-4739.

Sincerely,



Donald R. Taylor
Executive Director

DRT:BD:klm

pc: Richard Harris
Richard A. Berry
Peter Boulette
Brian Daniel



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
WARREN A. JONES, M.D., FAAFP
EXECUTIVE DIRECTOR

SINGLE AUDIT (CONTROLS) FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

June 2, 2004

Dear Mr. Bryant:

Your letter of May 6, 2004, presented the results of an audit of the selected accounts included on the financial statements of the Office of the Governor - Division of Medicaid for Fiscal Year 2003. Additionally, it included the results of an audit of federal financial assistance. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

AUDIT FINDINGS:

CFDA

Number

Reportable Conditions

Finding and Recommendation

93-778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003

03-25

Controls Should Be Strengthened over the Calculation of Inpatient Hospital Per Diem Rates

Response: The inflation and trend factors did contain errors, and if the work papers received a supervisory review, there was no evidence of that in the form of initialing. This is the only instance of which we are aware that this review has apparently not taken place, and a possible explanation is the situation created by the multiple Medicare extensions caused disruption to the normal rate setting

schedule. The isolated instance of the geriatric psychiatric days having been included in one provider's cost information was obviously an oversight, as the desk review program specifically addresses these charges as unallowable, and that is known by review staff.

Corrective Action: Staff have been alerted to both of these situations and instructed to watch specifically for them. Further, the inpatient hospital per diem rates for fiscal year 2003 have been recalculated and the corrected rates sent to the fiscal agent for reprocessing of claims.

Reportable Conditions

93.778 Medical Assistance Program

Federal Award Number and Year: 050305MS5028, 2003

03-26 Controls over Provider Rate and Claims Adjustment Transmittals Should Be Improved

Response: A log is maintained in Reimbursement of all transmittals sent by the bureau to the fiscal agent. A monthly update request was apparently sent to the fiscal agent in prior years but the practice had been discontinued.

Corrective Action: The practice of sending a monthly request to the fiscal agent regarding the disposition of the rate and claims adjustment transmittals has been reinstated, effective January 2004. The Bureau of Reimbursement has always maintained a current log of the outstanding adjustment transmittals, with all the pertinent documentation. The timing of the processing does not seem to be related to the sending of the monthly request. However, the fiscal agent returns to us a completed transmittal with the appropriate signatures upon completion of the processing of the instructions on that transmittal.

CASH MANAGEMENT

93.778 Medical Assistance Program

Federal Award Number and Year: Various

03.27 Controls Should Be Strengthened over Federal Cash Draws for Administrative Expenditures

Response: Division of Medicaid (“DOM”) disagrees with the above referenced audit finding based on the following reasons:

1. Administrative funds drawn in the amount of one-third of the quarterly allotment per month is an allowable technique per C.M.I.A. guidelines. (see attachment).
2. Any administrative funds drawn in excess of actual expenditures are adjusted by CMS through subsequent negative grant awards. CMS notifies DOM of any cost settlements within two (2) federal quarters upon receipt of the CMS-64 Report, a Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. This method of reconciliation is a CMS procedure, not within the control of DOM. Auditors were provided copies of cost settlement documents to validate this procedure. (see attachment).
3. The state auditors based the audit finding on information received from the Office of the Inspector General (“OIG”). DOM administers the federal grant program in accordance with CMS rules and regulations, not OIG.

Corrective Action: Though DOM disagrees that there should be an audit finding, we agree to implement the following actions to ensure controls over the Federal Cash Draw of Funds for Administrative Expenditures at the recommendation of the State Auditors:

1. The DOM-Budget Director for the Office of Finance & Administration shall review and analyze all administrative expenditures from prior quarters to ensure that appropriate adjustments are made to the Estimated Grant Award Request submitted to the Centers for Medicare and Medicaid Services (“CMS”).
2. Staff of the Bureau of Finance & Accounting (“BFA”)-Accounting Division shall make monthly Federal Cash Draws for Administrative Expenditures based on actual expenditures, or as close to actual expenditures as possible, as recorded on the monthly State Automated Accounting System (“SAAS”) Reports and/or the CMS-64 Report.
3. On a quarterly basis, the BFA-Accounting Staff will provide the DOM-Budget Director with a copy of the CMS-64 Report and other related financial documents to ensure that estimated grant award requests are comparable to actual expenditures. Adjustments will be made as necessary

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003

Questioned Costs: \$83,406

03-28

Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Response:

Inpatient Hospital Days – The Division of Medicaid concurs with the auditor's findings.

Corrective Action: Systems changes will be implemented to prevent payments for inpatient days over and above service limits on adults.

Response:

Outpatient Hospital Days – All of the claims provided were from the legacy system which did not accommodate all outpatient service limit situations due to system limitations. Please see letters ACS-06625 and ACS-06690 for more detail.

Corrective Action: With the implementation of the new Envision system, service limit edits have been redesigned to appropriately post and prevent recipients from exceeding outpatient service limits.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
Questioned Costs: \$43,295

03-29

Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

Response: Research showed claims had been paid in excess of plan limitations of seven prescriptions. Limitations were set to five monthly with additional two with prior authorization. In three test cases, claims were paid in excess of plan limits without prior authorization or other policy exception.

Corrective Action: The implementation of Envision POS (Point-of-Sale) subsystem limits benefits to current policy.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
Questioned Costs: \$10,373

03-30 Agency Should Ensure Override Codes Are Valid and Ensure Amounts Reimbursed for Pharmacy Claims Are Correct

Response: Research showed prescriptions submitted by a pharmacy as dispense as written (DAW) with out prior authorization (PA). Each of the test prescriptions should have denied due to generic availability and lack of prior approval.

Also, these claims were not paid at the correct reimbursement. Policy states reimbursements must be the lower of average wholesale price (AWP) less 12% or mandated federal maximum allowed charge (federal MAC). The paid claims resulted in overpayments.

Corrective Action: The implementation of the Envision POS (Point-of-Sale) subsystem will only allow DAW claims to be processed with an assigned PA number. Quantity, drug class, and policy restrictions further limit this.

Correct pricing is ensured by automatic updates to pricing tables on a weekly basis. The updates are automated based on First Data Bank information feeds of pricing structure supplied by manufactures. AWP is reported to FDB then to the fiscal agent. Once the AWP is received POS processes the AWP less 12% resulting in the state MAC price. All pricing data is recorded on the drug-pricing table. The pricing table includes pricing data for AWP, state MAC, and federal MAC.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0305MS5028, 2003
Questioned Costs: Unknown

03-31 Agency Should Ensure Claims are Adjusted for Rate Changes and Fee Schedule Updates

Response: The Division of Medicaid did not request preprocessing of UB-92

claims associated with the 2002 physician fee update.

Retroactive rate changes were placed on hold during the conversion from the legacy system to Envision. In April, the Division authorized ACS to begin processing the retroactive rate adjustment transmittals. The retro-rate adjustment requested under DAT#003030 for the Mississippi State Department of Health was entered on 4/25/2004 under batches 0411640930-0411640944.

Corrective Action: None necessary

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Immaterial Noncompliance

93.767 State Children's Insurance Program (SCHIP)

Federal Award Number and Year: 9905MS5021, 2003

Questioned Costs: \$240,029

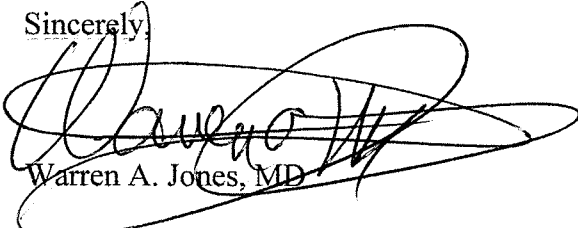
03-32 Agency Should Ensure Federal Funds Are Used Within the Period of Availability

Response: DOM agrees that federal grant funds for the SCHIP October Premium in the amount of \$240,029 were drawn past the period of availability, but disputes the materiality threshold of this audit finding. The amount in question represents less than one-tenth of one percent of total expenditures incurred for the SCHIP program during the audit period.

Corrective Action: DOM has made the necessary adjustments to correct this oversight.

Please call Bob Pilgrim at 359-6050 if you have any questions relative to our responses and corrective action plans.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Warren A. Jones'.

Warren A. Jones, MD

RLP/BP/rcc

accordance with the clearance pattern in specified in Exhibit II. The amount of the request shall be for the exact amount of that disbursement.

- 6.2.4 Technique: Monthly Draws
Description: The State shall request funds on the first of each month to fund costs incurred during the prior month. The amount of the request shall be determined by applying the indirect cost rate to the direct cost base of the prior month.
- 6.2.5 Technique: Daily Draws
Description: The State shall request funds daily to fund current non-payroll administrative costs. The amount of the request shall be an estimate of that day's non-payroll administrative expenditures, as derived from an approved cost allocation plan. The State shall adjust the estimated draws to the actual expenditures each quarter.
- 6.2.6 Technique: Actual Allocation
Description: The State shall request funds once a month at the end of the month to fund costs incurred during that month. The amount of the request shall be the actual amount of costs allocated to the program through a distribution process.
- 6.2.7 Technique: Pre-Issuance
Description: The State shall request funds such that they are deposited in a State account no more than two days prior to the day the State makes a disbursement. The amount of the request shall be the amount of funds the State expects to disburse.
- 6.2.8 Technique: Weekly Draws
Description: The State shall request funds once a week to fund non-payroll administrative costs incurred during the prior week. The amount of the request shall be the amount of funds the State disbursed during the prior week.
- 6.2.9 Technique: Prorated Draws
Description: The State shall request funds such that they are deposited in a State account on the date of the State payday. The amount of the request shall be 1/3 of the program's quarterly administrative cost grant.

Program: Child Support Enforcement - CFDA 93.563

State Agency: Human Services

Techniques: Payroll (Warrants) - Average Clearance
Payroll (Direct Deposit) - Zero Balance Accounting
Administrative Costs - Daily Draws

Program: Child Care Assistance Block Grant - CFDA 93.575

State Agency: Human Services

Techniques: Payroll (Warrants) - Average Clearance
Payroll (Direct Deposit) - Zero Balance Accounting
Administrative Costs - Daily Draws

Program: Social Services Block Grant - CFDA 93.667

State Agency: Human Services

Techniques: Program Costs - Average Clearance
Payroll (Warrants) - Average Clearance
Payroll (Direct Deposit) - Zero Balance Accounting
Administrative Costs - Average Clearance

Subgrantees: Other State agencies shall request funds such that they are deposited to the State on the average day of clearance for payments issued by the subgrantee agency.

Program: Medical Assistance - CFDA 93.778

State Agency: Division of Medicaid

Fiscal Agent: Electronic Data Systems

Techniques: Payments to Providers - Zero Balance Accounting
The State currently maintains 97% of its disbursements by direct deposit.

All Administrative Costs - Prorated Draws

Program: Social Security Disability Insurance - CFDA 93.802

State Agency: Rehabilitative Services

Techniques: Program Costs - Average Clearance

Payroll (warrants) - Average Clearance

Payroll (direct deposit) - Zero Balance Accounting

Administrative Costs - Average Clearance

Program: Maternal and Child Health Services Block Grant -
CFDA 93.994

State Agency: Department of Health

Techniques: Program Costs - Average Clearance

Payroll (warrants) - Average Clearance

Payroll (direct deposit) - Zero Balance Accounting

8.0 Clearance Patterns

8.1 The State shall use the following methodology to develop a separate clearance pattern for each program listed in section 7.0, except for the following programs which utilize Zero Balance Accounting for program costs - 10.553, 10.555, 84.010, 84.027, 84.048, 93.778.

8.2 When developing each clearance pattern, the State shall track all disbursements for a period of at least three months. Initially, the State shall track 95% of the funds disbursed during those three months from issuance to clearance. By January 1, 1995, the State shall have calculated its clearance patterns to reflect 99% of the funds disbursed during three months from issuance to clearance. ✓

8.3 The State shall identify for each check in the population: the date on the check, the date the check was debited from the



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

7500 Security Boulevard
Baltimore, MD 21244

Mrs. Rica Lewis-Payton
Director
Division of Medicaid
Suite 801 Robert E. Lee Building
239 North Lamar Street
Jackson, Mississippi 39201-1311

RECEIVED

FEB 25 2004

FEB 12 2004

DIVISION OF MEDICAID
EXECUTIVE SERVICES DIVISION

Dear Sir or Madam:
SUPPLEMENTAL

Rudy / BRAD

The grant awards listed below have been approved for the period 01/01/2004 - 03/31/2004 under Appropriation 75X0512 Centers for Medicare & Medicaid Services. Any unused grant award authority may be carried forward and used in a subsequent period.

Medical Assistance Payments	\$(102,293,508)
Medicaid State Children's Health Insurance	
Program Payments	\$0
Administration Payments	\$(15,176,711)
Total Grant Awards	\$(117,470,219)

The above listed grant awards provide Federal funds for expenditures made in accordance with your State plan approved under Title XIX of the Social Security Act. Computation of the awards is shown on the enclosed statement.

With the acceptance of these awards, you agree to be responsible for limiting the drawing of Federal funds so as to minimize Federal cash on hand in accordance with policies established in Treasury Circular 1075 (Revised), and procedures established by the Department of Health and Human Services. You also agree to submit timely reports as required. Withdrawals of Federal funds are not to exceed the individual programmatic grant awards shown above. You also are required to provide for effective control over the accountability for all Federal funds as stated in Office of Management and Budget Circular No. 1075 (Revised). Failure to adhere to the above requirements may cause the unobligated portion of your letter-of-credit to be revoked. Part 92, Title 45, Code of Federal Regulations implements these circulars for this Department.

Any questions you may have in connection with the grant award should be referred to the appropriate Centers for Medicare & Medicaid Services regional office financial contact for your State.

Payment under this award will be made by the Department of Health and Human Services, Payment Management System administered by the Division of Payment Management (DPM), Program Support Center. Inquiries regarding payment should be directed to:

Director, Division of Payment Management
Post Office Box 6021
Rockville, Maryland 20852-0605

Telephone Number (301) 443-1660

Please transmit a copy of this grant award document to the State official authorized to request funds from the Division of Payment Management.

Sincerely yours,

Richard Shavers

Director,
Division of Financial Management



STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
J. STEPHEN HALE
EXECUTIVE DIRECTOR

Single Audit Management Report

November 17, 2003

Mr. Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of October 30, 2003 concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2003. We are pleased to note that no reportable conditions were considered to be material weaknesses. Our responses to the five non-material reportable conditions are as follows:

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program
Federal Award Number and Year: Various

03-01 Written Policies and Procedures Should be Established for Program Income

Response: MDA concurs that policies and procedures should be established for the proper tracking of program income from HOME grant funds that are loaned to developers for new construction rental projects. MDA is aware of which recipients will generate the program income and when the income is scheduled to be received. Repayment from the developer is due ten to twelve years from the date of the recorded promissory note/recorded deed of trust. Currently, the earliest scheduled repayment date is 2005.

Corrective

Action Plan: MDA will develop a reporting and tracking system for receipt of program income from HOME grant funds that are loaned to developers for new construction rental projects. Recipients will be required to submit the recorded Deed of Trust to MDA. A policy statement will be issued requiring all program income to be reported and returned to MDA. Program Income will be included in monitoring procedures to ensure compliance with the policy statement.

Mr. Phil Bryant
Page 2
November 17, 2003

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program
Federal Award Number and Year: M-02-28-0100, 2002

03-02 Policies and Procedures Should be Established to Ensure Compliance with Real Property Acquisition and Relocation Assistance Requirements

Response: MDA does have monitoring tools for Acquisition/Relocation Assistance for the HOME Program. The Assurances in the contract signed by the recipient include the Acquisition/Relocation Act and states that the recipient will comply. However, MDA failed to include the section on Acquisition/Relocation in the 2002 Implementation Manual.

Corrective

Action Plan: MDA has included policies and procedures in the 2003 HOME Implementation Manual to ensure that recipients are aware of all requirements pertaining to the Acquisition/Relocation Act.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program
Federal Award Number and Year: Various

03-03 Internal Controls Should be Strengthened for Monitoring Subrecipient Audit Requirements

Response: MDA concurs with the finding. MDA has requested the necessary information from the subrecipients for its files.

Corrective

Action Plan: MDA will revise its procedures to include additional review measures of subrecipients' audits to ensure that the appropriate information is received and required action is taken.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program
Federal Award Number and Year: Various

03-04 Internal Controls Should be Strengthened Over Subrecipient Monitoring

Response: MDA concurs with this finding.

Mr. Phil Bryant
Page 3
November 17, 2003

Corrective

Action Plan: MDA will continue its efforts to ensure that the supervisor appropriately reviews monitoring files and signs the monitoring report. In addition, greater care will be taken to provide adequate documentation within the monitoring files to describe the procedures performed and documents reviewed.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program
Federal Award Number and Year: Various

03-05 Internal Controls Should be Strengthened Over Period of Affordability Inspections

Response: MDA concurs with this finding.

Corrective

Action Plan: MDA is currently developing a new tracking system. A process will be implemented to sort all new construction projects using a separate account code within our accounting system. Lease purchase projects will also be coded as new construction to ensure proper affordability inspections. In addition, the tracking system will indicate inspection due dates. These will provide checks and balances to ensure that all affordability inspections are performed timely.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Lynda Dutton at 359-2917.

Sincerely,



J. Stephen Hale
Executive Director

cc: Lynda Dutton
Sam Mozee

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**Mississippi Department of
Rehabilitation Services**

Providing the freedom to live

March 11, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The Mississippi Department of Rehabilitation Services is pleased to respond to the following Single Audit Finding resulting from the audit performed by your office for State Fiscal Year 2003.

AUDIT FINDING:

84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States

REPORTING

03-13 Internal Controls over Reporting Should be Strengthened

Response:

We concur with the auditors finding in that the RSA-2 was overstated due to an error in reporting our unliquidated obligations; however, we do not concur with the auditor's judgement of classifying this finding as a Reportable Condition. Under the auditor's definition of a reportable condition, it is defined as "...matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance...". The overstatement noted by auditors occurred due to a miscommunication between our Finance department and our Information Systems (MIS) department. The RSA-2 is an annual report which breaks out expenditures for a federal fiscal year by categories of service types. In order to obtain expenditures by these categories we must rely on our automated case service system, or AACE. When requesting unliquidated obligations, Finance staff requested those authorizations which were issued prior to October 1, 2003 but were paid subsequent to October 1. However, due to a miscommunication between Finance and MIS staff, the report was generated which documented all authorizations paid after October 1, 2003 regardless of the authorization date. This error was not detected by our Finance staff in review of the RSA-2. Therefore, based on this miscommunication we considered this

incident as an isolated incident and not a significant deficiency in our internal controls structure. In addition, it should be noted that we are also required to complete quarterly reports, known as the Financial Status 269 reports, for which our federal grantor evaluates our expenditures associated with this program and for which the auditors noted no problems in the accuracy or the internal control structures over these quarterly reports.

Corrective Action Plan.

As stated in the "Response" above, we do concur with the auditor's finding in that the RSA-2 was incorrectly stated due to an overstatement of unliquidated obligations and therefore we have implemented the following corrective action:

- A meeting was held between the Director of Financial Management and the VR Finance Director in which to discuss the overstatement of unliquidated obligations.
- Also, information requested for the preparation of the RSA-2 is now performed in writing as opposed to verbal as to alleviate any miscommunication that could occur.
- Lastly, those responsible for the review of the RSA-2 have been instructed to spend additional time in review of this report as to ensure its total accuracy.

We appreciate the assistance and the professional attitude of the field audit staff assigned to the MS Department of Rehabilitation Services during our fiscal year 2003 audit. Should you have any questions or require additional information regarding our response to the finding above, please contact Chris Howard, Director of Financial Management, at 853-5220.

Sincerely,


H.S. McMillan
Executive Director

pc: Chris Howard

IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2003**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 55-65
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: Pages 67-73
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: None
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: None
10. U.S. Department of the Treasury: None
11. Appalachian Regional Commission: None
12. General Services Administration: None
13. National Foundation on the Arts and the Humanities: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. U.S. Department of Education: Pages 75-80
18. U.S. Department of Health and Human Services: Pages 81-99
19. Corporation for National and Community Service: None
20. Social Security Administration: None
21. Department of Homeland Security: None

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2003**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Education: Page 75
9. Emergency Management: None
10. Employment Security: Page 51
11. Environmental Quality: None
12. Finance and Administration: None
13. Forestry Commission: None
14. Gaming Commission: None
15. Health: Pages 55, 81
16. Human Services: Pages 62, 83
17. Library Commission: None
18. Marine Resources: None
19. Medicaid: Page 89
20. Mental Health: None
21. Military Department: None
22. Mississippi Development Authority: Page 67
23. Narcotics: None
24. Oil and Gas Board: None
25. Plant Industry: None
26. Public Safety: None
27. Public Service Commission: None
28. Rehabilitation Services: Page 79
29. Soil and Water Conservation Commission: None
30. State Fire Academy: None
31. Supreme Court: None
32. Transportation: None
33. Treasury: None
34. Veterans Affairs Board: None
35. Wildlife, Fisheries and Parks: None

Note: If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 2003**

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
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03-02	68	Mississippi Development Authority
03-03	69	Mississippi Development Authority
03-04	71	Mississippi Development Authority
03-05	72	Mississippi Development Authority
03-06	51	Employment Security
03-07	84	Human Services
03-08	85	Human Services
03-09	63	Human Services
03-10	87	Human Services
03-11	64, 88	Human Services
03-12	62, 83	Human Services
03-13	79	Rehabilitation Services
03-14	75	Education
03-15	76	Education
03-16	78	Education
03-17	55	Health
03-18	56	Health
03-19	57	Health
03-20	58	Health
03-21	60	Health
03-22	81	Health
03-23	61	Health
03-24	82	Health
03-25	89	Medicaid
03-26	91	Medicaid
03-27	97	Medicaid
03-28	92	Medicaid
03-29	93	Medicaid
03-30	94	Medicaid
03-31	96	Medicaid
03-32	98	Medicaid

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STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2003**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Education: Page 131
9. Emergency Management: None
10. Employment Security: Page 135
11. Environmental Quality: None
12. Finance and Administration: None
13. Forestry Commission: None
14. Gaming Commission: None
15. Health: Page 137
16. Human Services: Page 143
17. Library Commission: None
18. Marine Resources: None
19. Medicaid: Page 149
20. Mental Health: None
21. Military Department: None
22. Mississippi Development Authority: Page 159
23. Narcotics: None
24. Oil and Gas Board: None
25. Plant Industry: None
26. Public Safety: None
27. Public Service Commission: None
28. Rehabilitation Services: Page 163
29. Soil and Water Conservation Commission: None
30. State Fire Academy: None
31. Supreme Court: None
32. Transportation: None
33. Treasury: None
34. Veterans Affairs Board: None
35. Wildlife, Fisheries and Parks: None

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V. ACKNOWLEDGMENTS



ACKNOWLEDGMENTS

REPORT PREPARED BY:

Phil Bryant, State Auditor
Norman McLeod, CPA, Director, Department of Audit
Rodney D. Zeagler, CPA, Director, Financial and Compliance Audit Division
William R. Doss, CPA, Director, Agency Audit Section

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

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Sharon Smiley, CPA, CPM

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Adam Bunch, CPA
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Liza Hammett
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Kim McCrory	Yulanda Wesley
Bobbie Meadows	

Special thanks to Jacqueline Thomas and Dianne Guinn for their help in processing this report.

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